

## CONCEPT ANNUAL BUDGET OF !KHEIS LOCAL MUNICIPALITY



2015/16 TO 2017/18

### Final Medium Term Revenue & Expenditure Framework (MTREF)

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- All public libraries within the municipality
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May 2015

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**Abbreviations and Acronyms**

ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CFO	Chief Financial Officer
CPI	Consumer Price Index
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EPWP	Expended Public Works Programme
FBS	Free basic services
FMG	Financial Management Grant
GAMAP	Generally Accepted Municipal Accounting Practice
GDS	Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
M	Mayor
MM	Municipal Manager
MBRR	Municipal Budget Reporting Regulations
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MSIG	Municipal Systems Improvement Grant
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NDP	National Development Plan
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PMS	Performance Management System
PPE	Property Plant and Equipment
SALGA	South African Local Government Association
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

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**!KHEIS LOCAL MUNICIPALITY****VISION**

“The development of an institution, focussing on transparent, loyal and effective service delivery to the residence of the !Kheis Municipal Area.”

**MISSION**

‘To promote economic development to the advantage of the communities within the boundaries of the !Kheis Municipality. This will be done by the establishment and maintenance of an effective administration and a safe environment in order to lure tourists and investors to the area’.

**Core values of the municipality**

The Municipality is committed to deliver services within the framework of *Batho Pele* principles, as outlined below:

- *Courtesy and ‘People First’*  
Residents should be treated with courtesy and consideration at all times.
- *Consultation*  
Residents should be consulted about service levels and quality, when possible.
- *Service excellence*  
Residents must be made aware of what to expect in terms of level and quality of service.
- *Access*  
Residents should have equal access to the services to which they are entitled.
- *Information*  
Residents must receive full and accurate information about their services.
- *Openness and transparency*  
Residents should be informed about government departments, operations, budgets and management structures.
- *Redress*  
Residents are entitled to an apology, explanation and remedial action if the promised standard of service is not delivered.
- *Value for money*  
Public services should be provided economically and efficiently.

## **Part 1 – ANNUAL BUDGET**

### **Mayor's Report**

#### **1. Introduction**

I am hereby presenting the Draft Annual Budget, Draft Service Delivery Budget Implementation Plan (SDBIP), and IDP for the 2015/2016 MTREF. The budget that I am presenting was prepared in accordance with the Municipal Finance Management Act, (Act 56 of 2003) and complies with Generally Recognized Accounting Practices as applicable to Local Government.

This budget amidst the on-going global economic crisis, are presented in a time when municipalities throughout the country are struggling to get their economies working again. As an elected representative, I am duty bound to report on occasions like these properly on the execution of our mandate.

I therefore Councillor's, make this bold statement: "We are responsible Political Office Bearers that will uphold the constitution at all times; furthermore, as Political Office Bearers we believe we had appointed suitably qualified professionals to administer this Budget meticulously and having the interest of the people at heart. It is in our interest to make !Kheis Municipality our competitive and attractive entity to both domestic and foreign investors.

This budget is a forecast of revenue and expenditure, it is a projection of future financial activities and must be used as a guiding tool. It would be a futile exercise when this tool is not utilised to achieve our developmental imperatives to change the lives of the !Kheis communities.

The budget is a planning tool and instrument to manage public funds to improve the quality of life of all our people, and this we do through planning, allocation, control and proper accounting.

We do acknowledge that the municipality is not a profit making organization and must be maintained as a going concern; therefore acknowledging the increasing cost of service delivery. We are forever adapting our strategies to suit prevailing economic circumstances, as we cannot isolate ourselves from the global economy.

Our biggest challenge is unemployment and to stimulate the rural economy. Although our focus is shamelessly pro poor, we have come to the realisation that with our own resources only we would be unable to achieve significant change in the municipal area. We need the goodwill and intervention of all government departments, state owned enterprises, the private sector and civil society.

The Council use this opportunity to govern and change people's lives with strategic interventions, especially the deprived and unemployed. We are working tirelessly to unlock the economic potential of the area through various national governments. A few pertinent examples of such interventions are:

## **2. Department of Water Affairs and Forestry**

We secure R4.2 million ACIP funds from the Department of Water Affairs and Forestry for Water Demand and Water Conservation Management. Water Meters will help to secure future water suppliers as they encourage people to use water wisely, and the usage data we collect will help us to identify leaks and determine water losses. This will enhance the debt collection of the municipality.

## **3. Department of Energy**

The municipality in the partnership with the Department of Energy had already start to develop and supply Solar energy in the !Kheis area as we believe that this venture could secure jobs in the area. Bokpoort CSP are in construction and more Solar Plants are anticipated for the !Kheis area. A HYDRO Power Station is also in line.

These initiative will stimulate the economy of !Kheis and address unemployed.

## **4. CoGHSTA**

The following CoGHSTA projects are currently under construction:

1. 909 Water Reticulation – !Kheis area
2. Wegdraai 50 Houses
3. Grootdrink 50 Houses

The following projects are ready for implementation

1. Topline 122 Houses
2. Boegoeberg Housing project
3. Topline water and sewerage reticulation

The budget submitted here today is another step closer to accomplish the strategic goals of the municipality which includes amongst others, institutional development and transformation, service delivery to all our communities, the financial viability and sustainability of the municipality as well as good administration and public participation.

I would like to thank all the role players, stakeholders and every citizen of !Kheis Municipality who participated in the drafting of this IDP and Budget, through a process of public participation, ward committees, workshops, one – on – one engagements and individual inputs.

It is my privilege and honour to present this 2015/2016 budget to the Council for its consideration and approval.

I thank you!



## 1.2 Council resolutions

On 29 May 2015 the Council of !Kheis Municipality met in the Council Chambers to consider the Annual Budget of the municipality for the financial year 2015/2016 and the two outer years. The Council, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopt the following resolutions:

- 1.1 The annual budget of the municipality for the financial year 2015/2016 and the multi-year and single-year capital appropriations as set out in the following tables:
  - 1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification)
  - 1.1.2 Budgeted and Financial performance (revenue and expenditure by municipal vote)
  - 1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type); and
  - 1.1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification funding by source.
- 1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
  - 1.2.1 Budgeted Financial Position
  - 1.2.2 Budgeted Cash Flows
  - 1.2.3 Cash Backed reserves and accumulated surplus reconciliation
  - 1.2.4 Asset Management; and
  - 1.2.5 Basic Service Delivery Measurement
2. The Council of !Kheis Municipality, acting in terms of section 75A of the Local Government Municipal Systems Act (Act 32 of 2000), approves and adopt with effect from 1 July 2015 the following tariffs for all services:
  - 2.1 The tariffs for property rates
  - 2.2 The tariffs for supply of water
  - 2.3 The tariffs for sanitation services
3. The Council of !Kheis Municipality, acting in terms of section 75A of the Local Government Municipal Systems Act (Act 32 of 2000), approves and adopt with effect from 1 July 2015 the tariffs for other services.
4. To give proper effect to the municipality's draft annual budget, the Council of !Kheis Municipality approves:
  - 4.1 that cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
  - 4.2 That the municipality did not budget to raise long term loans to fund the capital budget.

### 1.3 Executive Summary

Section 153 of the Constitution requires that a municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community”

The application of sound financial management principles for the compilation of the municipality’s budget is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The municipality’s business and service delivery priorities were reviewed as part of this year’s planning and budget process.

National Treasury’s MFMA Circular No. 48, 51, 54, 55, 66, 67, 70, 74 and 75 were used to guide the compilation of the 2015/2016 draft budget. The following areas require particular attention:

- Revenue Management – To ensure all households are accurately billed and revenue collected
- Collection Outstanding Debt – Ensure sufficient administrative capacity, political commitment and accuracy and affordability of the accounts of poor households
- Pricing of services – To ensure that the services rendered are recovered in terms of the pricing structure
- Repairs and Maintenance – Assets should be maintained in a healthy state in order to generate revenue over a longer term
- Spending on non-priorities – Ensure that funding is allocated to prioritized items.

The main challenges experienced during compilation of the draft 2015/2016 MTREF can be summarized as follows

- The low payment percentage of debtors.
- Unavailability of electricity as both a trade service and a debt collection mechanism to the municipality due to the direct provision of these service to the population by ESKOM
- Service delivery backlogs
- The continued increases in the cost to provide services. Continuous high tariff increases are not sustainable – as there will be a point where services will no longer be affordable to our communities, particularly the unemployed, the vulnerable and indigents.
- Aging and poorly maintained water and roads infrastructure.
- Unavailability of own funding for capital budget; and
- Inability to raise capital
- The on-going difficulties in the national and local economy.

The following budget principles and guidelines directly informed the compilation of the 2015/2016 MTREF.

- The 2014/15 Approved Budget priorities and targets, as well as the base line allocations contained in that Approved Budget were adopted as the upper limits for the new baselines for the 2015/2016 Draft MTREF Budget.

- Compliance with laws and regulations
- Previous commitments and existing contracts
- Affordability of tariff and property rate increases in line with inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.
- The budget must be spent in full, and all grants must be utilised in full.

In view of the aforementioned, the following table is a consolidated overview of the 2015/2016 Medium-Term Revenue and Expenditure Framework.

**Table 1 Consolidated Overview of the 2015/16 MTREF**

<b>R Thousand</b>	<b>Approved Budget 14/15</b>	<b>Budget Year 15/16</b>	<b>Budget Year +1 16/17</b>	<b>Budget Year + 2 17/18</b>
	<b>R'000</b>	<b>R'000'</b>	<b>R'000'</b>	<b>R'000'</b>
Total Operating Revenue	36 620	38 572	40 501	42 526
Total Operating Expenditure	56 158	61 241	64 303	67 518
Surplus /(Deficit)	(19 539)	(22 669)	(23 802)	(24 992)
Total Capital Expenditure	19 560	16 905	17 750	18 638

Total operating revenue has increase by 5.33% for the 2015/16 financial year compared to the 2014/15 Approved Adjustment Budget, due to the following reasons:

- increase in property rates payments,
- increase in service charges and
- increase in grants and subsidies

Operational expenditure has grown by 9.05% in the 2015/16 budget year compared to the 2014/15 Approved Adjustment Budget figures. This increase is mainly due to the following:

- A new proposed municipal organogram had been submitted to Council for the 2015/16 financial year, indicating an additional growth in salary expenses
- The Directorate: Technical Services had been rearranged to provide for the extended service delivery targets and maintenance,
- Expenditure such as repairs and maintenance on our infrastructure capital assets had been budgeted for,
- The large increase in electricity prices had been taken into account for the compilation of the 2015/16 budget,
- Expansion of the water treatment works, that will result in additional chemicals for water purification
- High increase in price of diesel for the sanitation and sewerage trucks.

The capital budget of R16 905 million for the 2015/16 financial is 13.57% lower than 2014/15 Adjustments Budget. A substantial portion of the capital budget will be funded from MIG over the MTREF. Funding was also received from EPWP and ACIP. No borrowings are anticipated to contribute to the funding of capital expenditure in each of the MTREF years

## 1.4 Operating Revenue Framework

!Kheis Local Municipality intends to continue improving the quality of services provided to its community as highlighted above on its priorities and therefore needs to generate the required revenue to attain that. In these tough economic times strong revenue management is fundamental to the financial sustainability of our municipality. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditure against realistically anticipated revenues. We have made generous efforts, in the MTREF, to maximise revenue generation without negating the need to be realistic while limiting non-essential expenditure. This places a strenuous burden on our management to be prudent in the revenue and expenditure management.

The municipality's revenues strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 90% annual collection rate for property rates for 2015/16 and 95% for 2016/17 and 100% for 2017/18. The annual collection rate on other key service charges will be aimed at 50% for 2015/16, 65% for 2016/17 and 75% for 2017/18;
- Achievement of full cost recovery of specific user charges especially in the relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigents Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2015/2016 MTREF revenue (classified by main revenue source):

**Table 2 Summary of revenue classified by revenue source**

NC084 !Kheis - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
<b>Revenue By Source</b>											
Property rates	2	1 129	1 513	1 781	3 165	221	3 385	–	3 354	3 522	3 698
Property rates - penalties & collection charges					166	(166)	–				
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	3 009	3 628	3 755	4 089	(25)	4 064	–	4 305	4 520	4 746
Service charges - sanitation revenue	2	2 979	1 533	1 669	1 679	78	1 757	–	1 717	1 803	1 893

## !Kheis Local Municipality

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Service charges - refuse revenue	2	-	2 071	2 269	2 298	292	2 590	-	2 435	2 557	2 685
Service charges - other											
Rental of facilities and equipment		496	719	479	514	(440)	74		545	573	601
Interest earned - external investments		161	216	140	41	19	60		44	46	48
Interest earned - outstanding debtors		775	1 839	-	1 707	(1 707)	-		176	185	194
Dividends received						-	-			-	-
Fines			2	185	14	-	14		4	4	5
Licences and permits				-	-	361	361		3	3	3
Agency services		(321)	-	-	930	-	930		986	1 036	1 087
Transfers recognised - operational		14 517	18 186	17 619	21 277	1 001	22 278		23 119	24 275	25 489
Other revenue	2	231	2 347	492	738	(479)	260	-	1 883	1 977	2 076
Gains on disposal of PPE			20	124							
Total Revenue (excluding capital transfers and contributions)		22 976	32 073	28 511	36 620	(847)	35 773	-	38 572	40 501	42 526
<u>Expenditure By Type</u>	-										
Employee related costs	2	8 195	10 155	11 956	18 873	(26)	18 847	-	19 434	20 405	21 426
Remuneration of councillors		1 746	1 714	1 470	2 037		2 037		2 305	2 421	2 542
Debt impairment	3	14 925	-	12 919	4 926		4 926		5 222	5 483	5 757
Depreciation & asset impairment	2	1 164	18 718	14 666	10 282	-	10 282	-	5 136	5 393	5 662
Finance charges		153	102	320	581		581		616	647	679
Bulk purchases	2	570	582	898	899	61	960	-	953	1 001	1 051
Other materials	8	711	604	665	3 063		3 063		3 297	3 462	3 635
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants		2 017	-	-	1 905	-	1 905	-	2 019	2 120	2 226
Other expenditure	4, 5	5 008	8 594	15 418	13 592	1 303	14 895	-	16 496	17 320	18 186
Loss on disposal of PPE											
Total Expenditure		34 489	40 470	58 311	56 158	1 337	57 496	-	55 477	58 251	61 164
Surplus/(Deficit)		(11 514)	(8 397)	(29 800)	(19 539)	(2 184)	(21 723)	-	(16 905)	(17 750)	(18 638)
Transfers recognised - capital		13 223	17 276	19 679	19 560		19 560		16 905	17 750	18 638
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
		1 709	8 879	(10 121)	21	(2 184)	(2 163)	-	(0)	(0)	(0)
Surplus/(Deficit) after capital transfers & contributions											
Taxation											
Surplus/(Deficit) after taxation		1 709	8 879	(10 121)	21	(2 184)	(2 163)	-	(0)	(0)	(0)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		1 709	8 879	(10 121)	21	(2 184)	(2 163)	-	(0)	(0)	(0)
Share of surplus/ (deficit) of associate	7				-	2 138	2 138				
Surplus/(Deficit) for the year		1 709	8 879	(10 121)	21	(46)	(25)	-	(0)	(0)	(0)

**Table 3 Percentage growth of revenue by main revenue source**

NC084 !Kheis - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>										
<b>Revenue By Source</b>											
Property rates	2	1 129	1 513	1 781	3 165	221	3 385	-	3 354	3 522	3 698
Property rates - penalties & collection charges					166	(166)	-				
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	3 009	3 628	3 755	4 089	(25)	4 064	-	4 305	4 520	4 746
Service charges - sanitation revenue	2	2 979	1 533	1 669	1 679	78	1 757	-	1 717	1 803	1 893
Service charges - refuse revenue	2	-	2 071	2 269	2 298	292	2 590	-	2 435	2 557	2 685
Service charges - other											
Rental of facilities and equipment		496	719	479	514	(440)	74		545	573	601
Interest earned - external investments		161	216	140	41	19	60		44	46	48
Interest earned - outstanding debtors		775	1 839	-	1 707	(1 707)	-		176	185	194
Dividends received						-	-			-	-
Fines			2	185	14	-	14		4	4	5
Licences and permits				-	-	361	361		3	3	3
Agency services		(321)	-	-	930	-	930		986	1 036	1 087
Transfers recognised - operational		14 517	18 186	17 619	21 277	1 001	22 278		23 119	24 275	25 489
Other revenue	2	231	2 347	492	738	(479)	260	-	1 883	1 977	2 076
Gains on disposal of PPE			20	124							
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>22 976</b>	<b>32 073</b>	<b>28 511</b>	<b>36 620</b>	<b>(847)</b>	<b>35 773</b>	<b>-</b>	<b>38 572</b>	<b>40 501</b>	<b>42 526</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. In the 2014/2015 adjusted budget, revenue from rates and services charges totalled R8.4 million. Revenue particularly from property rates has increased by 5.97% from 2014/15 mainly due to the proposed annual increase indicated by National Treasury. This amount might increase, depending on the developments currently taking place in the municipal area. Supplementary property valuations will also be conducted on those properties in terms of Municipal Property Rates Act in 2014. The municipality previously lost significant amounts of revenue due to incorrect billing of such properties for rates and taxes. Water revenue has also seen slight increase of 6%, from 2014/2015. The water department plans to reduce water losses from the current levels to about acceptable levels. The process will involve tight monitoring of the water distribution network as well as eliminating failures

Water is the second largest revenue source totalling 11% contributing R4 million of billing revenue and increases to R4.3 million by 2015/16. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

### Table 4 Operating Transfers and Grants Receipts

[illegible]

## !Kheis Local Municipality

2015/16 MTREF Budget 16

DWAF/ EESDM					2 568		2 568	4 420	4 641	4 873
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
National Lottery										
Total capital expenditure of Transfers and Grants		12 098	13 870	13 168	18 560	-	18 560	16 905	17 750	18 638
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		28 368	32 369	32 939	39 837	-	39 837	40 024	41 377	43 446

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

The municipality's electricity and water tariffs are largely outside the control of the municipality, given that these tariff increases are determined by external agencies (Eskom and Boegoeberg Water Users Association).

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Excessive increases are likely to be counterproductive, resulting in higher levels of non- payment.

#### 1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. Property rates tariffs are based on the latest property valuations which were conducted during 2013/2014 by DDP Valuers.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

Should the use or ownership or circumstances used to approve exemption from payment of assessment rates change, such exemptions will immediately lapse from date of change.



### 1.4.2 Sale of Water and Impact of Tariff Increases

We face significant challenges with water supply, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective-including the cost of maintenance and renewal of purification plants, water networks and cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariff are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in the future to ensure sustainability.

A tariff increase of 6% from 1 July 2015 for water is proposed. This is based on input cost assumptions of 10 % increase in the cost of bulk water. In addition 6kl water per 30-day period will again be granted free of charge to all residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5 Proposed Water Tariffs

	CURRENT TARIFFS 2014/15	PROPOSED TARIFFS 2015/16
RESIDENTIAL	Rand per	KL
1-6kl per month (Subsidy)	3.88	4.11
1-6kl per month	3.88	4.11
7-15kl per month	6.46	6.85
16-40kl per month	6.46	6.85
41-80kl per month	7.76	8.23
81- 100kl per month	7.76	8.23
101 – 150kl per month	7.76	8.23
151-200kl per month	20.98	23.30
201kl and above	27.15	28.78
NON-RESIDENTIAL		
Schools and hostels	9.05	9.59
Abattoir	9.05	9.59
Raw water	0.22	0.27

!Kheis Municipality is the Water Service Authority and Boegoeberg Water Users Association is the Water Service Provider in the area. The Municipality manage the provision of drinking water and waste water management.

The Municipality Blue Drop and Green Drop performance ratings as determined by the Department of Water Affairs are as follows:

### **BRANDBOOM BLUE DROP**

#### **Supply Area's:**

Die gemeenskap van Brandboom/Boegoeberg

#### **Treatment:**

#### **Current Water Quality:**



**Microbiological Water Quality Compliance Warning (Not Monitored) !** With Operational (Not Monitored) non compliance.

#### **Blue Drop Status:**

**2009 (Blue Drop Report 2010)** not participated.

**2010 (Blue Drop Report 2011)** 52.4%

**2011 (Blue Drop Report 2012)** 40.79%

#### **Regulatory Comments:**

The Blue Drop performance of Kheis Local Municipality remained constant. The Department was, however, presented with evidence to confirm that the water safety planning process is underway in each of the supply systems. The DWA trusts that risks identified in this process and adaptations to both monitoring programmes and treatment processes will result in future performance improvements.

The WSA is now encouraged to take ownership of the process by addressing site specific risks. Without data to confirm that a full set of SANS 241 analyses had been conducted in each of the supply systems, the revised monitoring programmes cannot be deemed appropriate. Information will be also required in future to confirm the risks that apply to the various raw water sources that are treated.

To ensure improved drinking water quality management, Kheis Local Municipality management is required to provide leadership and funding for the required asset management activities. Detailed process audits are required at each of the treatment systems, the asset register should be updated to include assets of the Gariep supply systems, and the WSA is advised to confirm the accuracy of information provided related to financial planning and expenditure. Officials also had difficulty providing confirmed data regarding the design and actual operating capacities of the various treatment systems; updated information is required to be readily available for day-to-day operational business and Blue Drop assessments.

### **GARIEP**

#### **Supply Area's:**

Die gemeenskap van Gariep

**Treatment:****Current Water Quality:**

Excellent Microbiological Water Quality  
Compliance but with Operational (*Not Monitored*) non compliance.

**Blue Drop Status:**

**2009 (Blue Drop Report 2010)** not participated.

**2010 (Blue Drop Report 2011)** 47.35%

**2011 (Blue Drop Report 2012)** 49.59%

**Regulatory Comments:**

The Blue Drop performance of Kheis Local Municipality remained constant. The Department was, however, presented with evidence to confirm that the water safety planning process is underway in each of the supply systems. The DWA trusts that risks identified in this process and adaptations to both monitoring programmes and treatment processes will result in future performance improvements.

To ensure improved drinking water quality management, Kheis Local Municipality management is required to provide leadership and funding for the required asset management activities. Detailed process audits are required at each of the treatment systems, the asset

register should be updated to include assets of the Gariep supply systems, and the WSA is advised to confirm the accuracy of information provided related to financial planning and expenditure. Officials also had difficulty providing confirmed data regarding the design and actual operating capacities of the various treatment systems; updated information is required to be readily available for day-to-day operational business and Blue Drop assessments.

**GROBLERSHOOP****Supply Area's:**

Die gemeenskap van Groblershoop sowel as Sternham en die Witblok

**Treatment:****Current Water Quality:**

Excellent Microbiological Water Quality  
Compliance but with Operational (*Not Monitored*) non compliance.

**Blue Drop Status:**

**2009 (Blue Drop Report 2010)** not participated.

**2010 (Blue Drop Report 2011)** 54.5%

**2011 (Blue Drop Report 2012)** 54.28%

**Regulatory Comments:**

The Blue Drop performance of Kheis Local Municipality remained constant. The Department

was, however, presented with evidence to confirm that the water safety planning process is underway in each of the supply systems. The DWA trusts that risks identified in this process and adaptations to both monitoring programmes and treatment processes will result in future performance improvements.

The WSA is now encouraged to take ownership of the process by addressing site specific risks. Without data to confirm that a full set of SANS 241 analyses had been conducted in each of the supply systems, the revised monitoring programmes cannot be deemed appropriate. Information will be also required in future to confirm the risks that apply to the various raw water sources that are treated.

To ensure improved drinking water quality management, Kheis Local Municipality management is required to provide leadership and funding for the required asset management activities. Detailed process audits are required at each of the treatment systems, the asset register should be updated to include assets of the Gariep supply systems, and the WSA is advised to confirm the accuracy of information provided related to financial planning and expenditure. Officials also had difficulty providing confirmed data regarding the design and actual operating capacities of the various treatment systems; updated information is required to be readily available for day-to-day operational business and Blue Drop assessments.

## **GROOTDRINK**

### **Supply Area's:**

Die gemeenskap van Grootdrink

### **Treatment:**

### **Current Water Quality:**



Excellent Microbiological Water Quality  
Compliance but with Operational (*Not Monitored*) non compliance.

### **Blue Drop Status:**

**2009 (Blue Drop Report 2010)** not participated.

**2010 (Blue Drop Report 2011)** 52.6%

**2011 (Blue Drop Report 2012)** 48.59%

### **Regulatory Comments:**

The Blue Drop performance of Kheis Local Municipality remained constant. The Department was, however, presented with evidence to confirm that the water safety planning process is underway in each of the supply systems. The DWA trusts that risks identified in this process and adaptations to both monitoring programmes and treatment processes will result in future performance improvements.

The WSA is now encouraged to take ownership of the process by addressing site specific risks. Without data to confirm that a full set of SANS 241 analyses had been conducted in each of the supply systems, the revised monitoring programmes cannot be deemed appropriate. Information will be also required in future to confirm the risks that apply to the various raw water sources that are treated.

To ensure improved drinking water quality management, Kheis Local Municipality management is required to provide leadership and funding for the required asset management activities. Detailed process audits are required at each of the treatment systems, the asset register should be updated to include assets of the Gariep supply systems, and the WSA is advised to confirm the accuracy of information provided related to financial planning and expenditure. Officials also had difficulty providing confirmed data regarding the design and actual operating capacities of the various treatment systems; updated information is required to be readily available for day-to-day operational business and Blue Drop assessments.

## **TOPLINE**

### **Supply Area's:**

Die gemeenskap van Topline

### **Treatment:**

### **Current Water Quality:**



**Microbiological Water Quality Compliance Warning (*Not Monitored*) !** With Operational (*Not Monitored*) non compliance.

### **Blue Drop Status:**

**2009 (Blue Drop Report 2010)** not participated.

**2010 (Blue Drop Report 2011)** 52.51%

**2011 (Blue Drop Report 2012)** 39.09%

### **Regulatory Comments:**

The Blue Drop performance of Kheis Local Municipality remained constant. The Department was, however, presented with evidence to confirm that the water safety planning process is underway in each of the supply systems. The DWA trusts that risks identified in this process and adaptations to both monitoring programmes and treatment processes will result in future performance improvements.

The WSA is now encouraged to take ownership of the process by addressing site specific risks. Without data to confirm that a full set of SANS 241 analyses had been conducted in each of the supply systems, the revised monitoring programmes cannot be deemed appropriate. Information will be also required in future to confirm the risks that apply to the various raw water sources that are treated.

To ensure improved drinking water quality management, Kheis Local Municipality management is required to provide leadership and funding for the required asset management activities. Detailed process audits are required at each of the treatment systems, the asset register should be updated to include assets of the Gariep supply systems, and the WSA is advised to confirm the accuracy of information provided related to financial planning and expenditure. Officials also had difficulty providing confirmed data regarding the design and actual operating capacities of the various treatment systems; updated information is required to be readily available for day-to-day operational business and Blue Drop assessments.

## **WEGDRAAI**

**Supply Area's:**

Die gemeenskap van Wegdraai

**Treatment:****Current Water Quality:**

**Microbiological Water Quality Compliance**  
**Warning (Not Monitored)!** With  
Operational (*Not Monitored*) non compliance.

**Blue Drop Status:**

**2009 (Blue Drop Report 2010)** not participated.

**2010 (Blue Drop Report 2011)** 51.47%

**2011 (Blue Drop Report 2012)** 55%

**Regulatory Comments:**

The Blue Drop performance of Kheis Local Municipality remained constant. The Department was, however, presented with evidence to confirm that the water safety planning process is underway in each of the supply systems. The DWA trusts that risks identified in this process

and adaptations to both monitoring programmes and treatment processes will result in future performance improvements.

The WSA is now encouraged to take ownership of the process by addressing site specific risks. Without data to confirm that a full set of SANS 241 analyses had been conducted in each of the supply systems, the revised monitoring programmes cannot be deemed appropriate. Information will be also required in future to confirm the risks that apply to the various raw water sources that are treated.

To ensure improved drinking water quality management, Kheis Local Municipality management is required to provide leadership and funding for the required asset management activities. Detailed process audits are required at each of the treatment systems, the asset register should be updated to include assets of the Gariiep supply systems, and the WSA is advised to confirm the accuracy of information provided related to financial planning and expenditure. Officials also had difficulty providing confirmed data regarding the design and actual operating capacities of the various treatment systems; updated information is required to be readily available for day-to-day operational business and Blue Drop assessments.

**ACTION PLAN**

!Kheis Local Municipality scored an overall of 54% in the its Blue Drop status during the year of 2012.

We have embarked on the following action plans to improve our blue drop status:

- Training of all our water operators

- Acquiring all the equipment to ensure we test our water quality on a more regular basis
- Do a risk assessment on all our water treatment plants
- Ensure that all the medical certificates are in place
- Certificates of adherence are compliant
- Request for reports on incidents that were admitted at the clinic
- Water conservation and water demand process are in place
- Adhere to all standards as set out in the regulations acts
- Water samples will be prioritised and done on a weekly basis to assess water more effectively.

We are currently doing research on our plants as we do not have as built information at our disposal. We are prepared to accept any assistance from other stakeholders to improve on our scoring at Blue Drop for the coming years.

We are engaging with previous consultants and the different Departments to assist with as much information as they can to improve our Blue Drop status. The Municipality has the capacity to improve the scores from previous years to achieve the 90% mark and more. The actions to be taken should therefore be implemented and monitored on a regular time frame to achieve these results. The Department of Water Affairs is giving sufficient assistance to the Municipality and we commend their support.

### **WATER SAFETY PLAN FOR 2015/16 FINANCIAL YEAR**

The Water Safety Plan (WSP) was compiled for the water supply area of !Kheis Local Municipality, ZF Mgcau District Municipality, Northern Cape.

This document addresses the critical water quality management such as the water safety planning processes, full system assessments that include inspections of the catchment, water treatment works and the distribution system.

The plan also includes the evaluation of the risk informed water quality monitoring programmes, the data submission on the BDS and the water quality over 12 months.

<b>SCORING / RATING SYSTEM</b>	<b>SCORE OBTAINED</b>	<b>STATUS</b>
Site inspection	56%	Good
High Risk Identified	47%	Good
Microbiological water quality	58%	Bad
<b>Overall impression on risk management</b>	<b>54</b>	Fair

The overall impression score of 54% is average which indicates that only basic water management is being addressed within the current resources available and not risk based as required by the water safety planning process.

Raw water is extracted from the Orange River as well as from the canal in most of the areas within the Municipality into the raw water dams. Most risks like the insufficient safety and security of the water treatment works, unqualified process controllers and supervisors and no routine maintenance programmes were identified as major risks in this supply areas.

The areas that complete the !Kheis Municipal boundaries are Groblershoop, Boegoeberg, Opwag, Zumaville, Wegdraai, Topline, Grootdrink and Gariep.

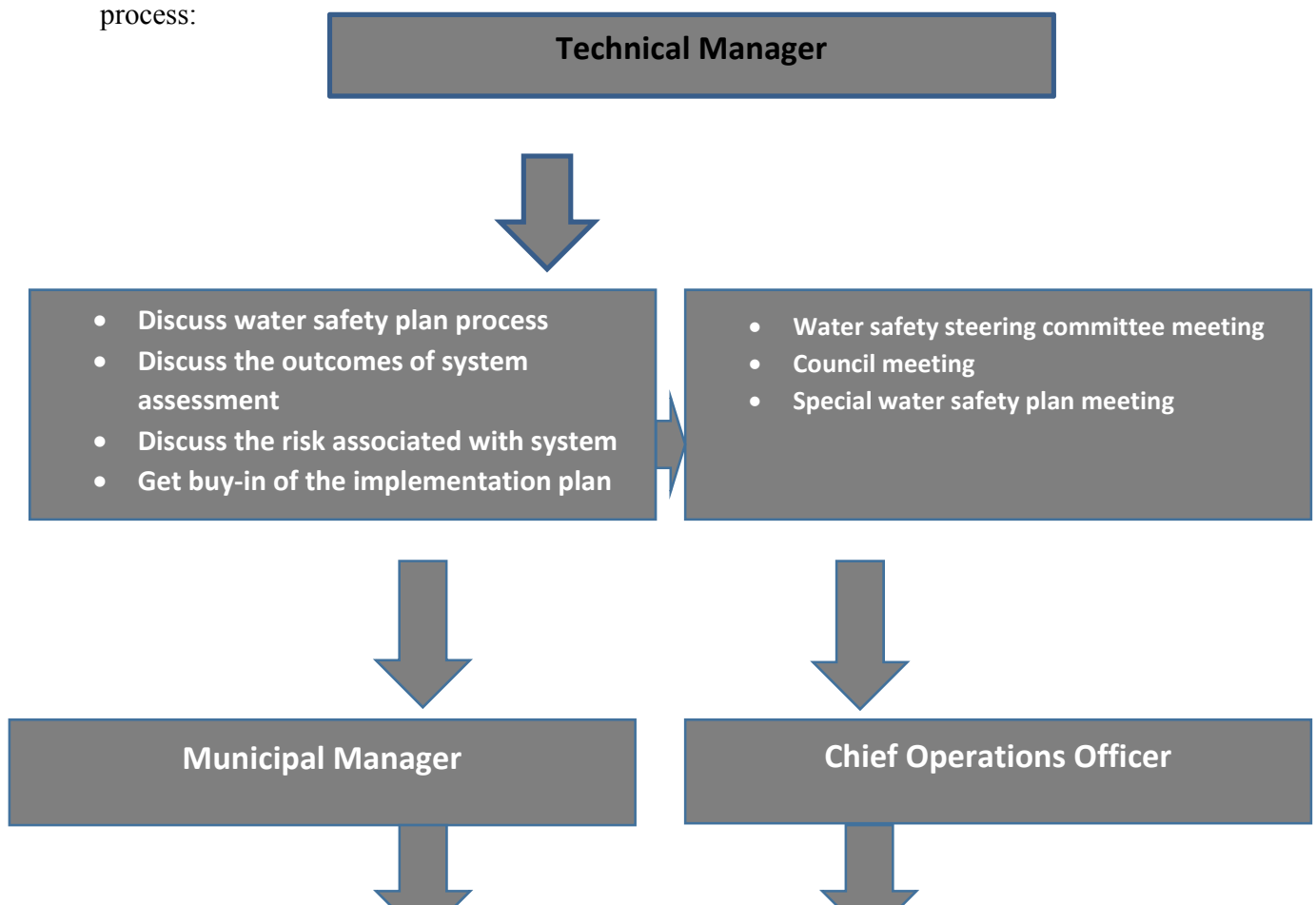
### **WATER SAFETY PLANNING PROCESS**

The purpose of the Water Safety Planning Process is to introduce a holistic approach to drinking water quality management and provide a systematic, transparent approach to the consistent provision of safe water with a clear focus on public health. The emphasis of the WSPP is on water supply management and covers the entire water supply system with participation of all stakeholders.

The objectives of the Water Safety Planning Process are to consistently ensure the safety and acceptability of the drinking water system by:

- Identifying hazards and prioritizing risks in the drinking water system from catchment-to consumer
- Assessing the effectiveness of existing control measures for these risks
- Implementing improvement plans for high priority uncontrolled risks.

The !Kheis Municipality have committed to follow the following water safety planning process:





The !Kheis Municipality will take ownership of the water safety plan, an improvement plan to mitigate the hazards should be compiled. Champions of this plan should be identified and an allocation as well as time frame should be included into the implementation plan.

More information is available that will outline the whole water safety plan process on request.

This plan should be a working document and should be updated with time.

#### **1.4.3 Sanitation and Impact of Tariff Increases**

A tariff increase of 6% for sanitation from 1 July 2015 is proposed. This is based on the input cost assumptions related to water. It should be noted that water costs contributes approximately 93 per cent of waste water treatment input costs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (100 per cent of 6 kl water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R1.6million for the 2015/16 financial year.

At the moment only a basic charge is levied per even for sanitation services rendered by the municipality.

#### **1.4.4 Waste Removal and Impact of Tariff Increases**

A 6 % increase in the waste removal tariff is proposed from 1 July 2015. Any increase higher than 7.5 % would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debts.

The following table compares current and proposed amounts payable from 1 July 2015:

**Table 6 Comparison between current waste removal fees and increases**

Detail	Tariff 1 July 2014	Tariff 1 July 2015
<b>Sanitation</b>		
Households (Subsidy)	82.75	87.72
Households	82.75	87.72
Business	103.44	109.65
Schools	103.44	109.65
Abattoir	20 238	21 452
<b>Refuse removal</b>		
Households (Subsidy)	99.81	120.61
Households	99.81	120.61
Business	250.84	265.89
Garden refuse	118.95	126.09
Building refuse	237.91	252.18

#### 1.4.5 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

**Table 7 MBRR table SA14- Household bills**

NC084 !Kheis - Supporting Table SA14 Household bills

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Rand/cent											
<u>Monthly Account for Household - 'Middle Income Range'</u>	1										
Rates and services charges:											
Property rates		144,61	144,61	144,61	144,61	153,87		6,0%	163,10	171,25	179,81
Electricity: Basic levy						-					
Electricity: Consumption		35,38								41,90	
Water: Basic levy			35,38	35,38	35,38	37,64		6,0%	39,90		43,99
Water: Consumption		106,63	106,63	89,02	94,36	100,40		6,0%	106,42	111,74	117,33
Sanitation		52,38	52,38	68,48	75,59	80,43		6,0%	85,25	89,52	93,99
Refuse removal		72,00	72,00	94,16	99,81	106,20		6,0%	112,57	118,20	124,11
Other											
sub-total		411,00	411,00	431,65	449,75	478,53	-	12,8%	507,25	532,61	559,24
VAT on Services											
Total large household bill:		411,00	411,00	431,65	449,75	478,53	-	12,8%	507,25	532,61	559,24

## !Kheis Local Municipality

2015/16 MTREF Budget 27

% increase/-decrease			-	5,0%	4,2%	6,4%	(100,0%)		-	5,0%	5,0%
<u>Monthly Account for Household - 'Affordable Range'</u>	2										
Rates and services charges:											
Property rates		9,65	9,65	10,27	10,27			6,0%	10,88	11,43	12,00
Electricity: Basic levy											
Electricity: Consumption		35,28								39,38	
Water: Basic levy		86,63	35,28	35,28	35,38			6,0%	37,50	102,59	41,35
Water: Consumption		52,39	86,63	92,17	92,17			6,0%	97,70		107,72
Sanitation		72,00	52,39	52,39	75,59			6,0%	80,13	111,09	88,34
Refuse removal			72,00	94,16	99,81			6,0%	105,80		116,64
Other											
sub-total		255,95	255,95	284,27	313,22	-	-	6,0%	332,02	348,62	366,05
VAT on Services											
Total small household bill:		255,95	255,95	284,27	313,22	-	-	6,0%	332,02	348,62	366,05
% increase/-decrease			-	11,1%	10,2%	(100,0%)	-		-	5,0%	5,0%
				-	-	-	-				
					0,08	10,82	1,00				
<u>Monthly Account for Household - 'Indigent' Household receiving free basic services</u>	3										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption		35,28								39,13	
Water: Basic levy		16,59	35,28	32,86	35,16		35,16	5,0%	37,27	18,24	41,09
Water: Consumption		52,39	16,59	15,32	16,39		16,39	5,0%	17,37	81,55	19,15
Sanitation		72,00	52,39	68,48	73,27		73,27	5,0%	77,67	112,16	85,63
Refuse removal		11,34	72,00	94,18	100,77		100,77	5,0%	106,82	44,48	117,76
Other			11,34	37,35	39,96		39,96	5,0%	42,36		46,70
sub-total		187,60	187,60	248,19	265,55	-	265,55	6,0%	281,48	295,56	310,34
VAT on Services											
Total small household bill:		187,60	187,60	248,19	265,55	-	265,55	6,0%	281,48	295,56	310,34
% increase/-decrease			-	32,3%	7,0%	(100,0%)	-		6,0%	5,0%	5,0%

## 1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

The assets renewal strategy and repairs and maintenance plan;

- Balanced budget constraint (operating expenditure should not exceed operating revenue)

- Funding of the budget over medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core service; and
- Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure)

**Table 8 Summary of operating expenditure by standard classification item**

NC084 !Kheis - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>										
<u>Expenditure By Type</u>	-										
Employee related costs	2	8 195	10 155	11 956	18 873	(26)	18 847	-	19 434	20 405	21 426
Remuneration of councillors		1 746	1 714	1 470	2 037		2 037		2 305	2 421	2 542
Debt impairment	3	14 925	-	12 919	4 926		4 926		5 222	5 483	5 757
Depreciation & asset impairment	2	1 164	18 718	14 666	10 282	-	10 282	-	5 136	5 393	5 662
Finance charges		153	102	320	581		581		616	647	679
Bulk purchases	2	570	582	898	899	61	960	-	953	1 001	1 051
Other materials	8	711	604	665	3 063		3 063		3 297	3 462	3 635
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants		2 017	-	-	1 905	-	1 905	-	2 019	2 120	2 226
Other expenditure	4, 5	5 008	8 594	15 418	13 592	1 303	14 895	-	16 496	17 320	18 186
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>34 489</b>	<b>40 470</b>	<b>58 311</b>	<b>56 158</b>	<b>1 337</b>	<b>57 496</b>	<b>-</b>	<b>55 477</b>	<b>58 251</b>	<b>61 164</b>

The budget allocation for **employee related costs** for the 2015/16 financial year totals R19.4 million, which equals 31.7% of the total operating expenditure. This represents a 0.02% increment from prior year. The employee related costs are in-line with the multi-year Salary and Wage collective Agreement for the period 1 July 2014 to 30 June 2016.

The increase can be attributed to the norm of 6% percent for salary increases as proposed in Budget circular 75 of 2015. The smaller that normal increase can also be attributed to the deletion of certain positions from the organogram. Council also decided to increase services by creating additional post and expanding of an existing department. An additional amount of 4 positions had been created to cater for these services.

The cost associated with the **remuneration of councillors** is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget.

**Provision of debt impairment** was determined based on the budgeted debts collection rate. The Provision of debt impairment totals R5.2 million in the 2015/16 financial year and steadily increased to R5.4 million by 2016/17. This provision is in-line with the expected budgeted payment percentage of 40% of debtors. Payment percentage of debtor's is currently less than 35%. More emphasis will be put on the implementing of the credit control and debt collection policy. The municipality is in a process of developing a revenue strategy which will help the municipality in realising budgeted revenue. The municipality is also in process to negotiate as a service delivery agreement with Eskom to cut electricity in Eskom areas, where municipal rates are outstanding. A report on the review of irrecoverable debts together with council credit control and debt collection policy are to be tabled, to assist council in the write-off of the irrecoverable debts.

**Provision for depreciation and asset impairment** has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R10.8 million for the 2015/16 financial and equates to 20% of the total operating expenditure. Please note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. i.e Heritage assets, unbundling of infrastructure assets and componentisation of property plant and equipment.

**Finance charges** consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance-off of charges make up 1% (R 616 thousand) of operating expenditure for 2015/16 and maintains on R 647 thousand, to 2016/17.

**Bulk purchases** are directly informed by the purchase of water from Boegoeberg Water Users Association. The annual price increases have been factored into the budget appropriations and directly inform the revenue forecasts. Bulk purchases expenditures inherently include distribution losses. We are in process of calculating the water distribution losses.

**Other expenditure** comprises of various line items relating to the daily operations of the municipality. It comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the municipality's infrastructure.

### 1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2015/16 budget and MTREF provide for extensive growth in the area of asset maintenance, and must be informed by the asset renewal strategy and repairs and maintenance plan of the municipality.

During the compilation of the 2015/2016 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the municipality's infrastructure and historic deferred maintenance. The total allocation for 2015/16 equates to R3 million, a growth of 5% in relation to the Original Budget of 2014/15 and continues to grow at 6% over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 5.5%.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

**Table 10 Repairs and maintenance per asset class**

NC084 !Kheis - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
-										
<b>Infrastructure</b>		-	-	600	2 385	-	2 385	1 518	1 594	1 673
Infrastructure - Road transport		-	-	250	1 059	-	1 059	-	-	-
<i>Roads, Pavements &amp; Bridges</i>				250	1 059		1 059			
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission &amp; Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		-	-	250	409	-	409	920	966	1 014
<i>Dams &amp; Reservoirs</i>				250						
<i>Water purification</i>					409		409			
<i>Reticulation</i>								920	966	1 014
Infrastructure - Sanitation		-	-	-	344	-	344	598	628	659
<i>Reticulation</i>										
<i>Sewerage purification</i>					344		344	598	628	659
Infrastructure - Other		-	-	100	573	-	573	-	-	-
<i>Waste Management</i>					573		573			
<i>Transportation</i>										
<i>Gas</i>										
<i>Other</i>				100						
<b>Community</b>		-	-	582	-	-	-	1 779	1 868	1 962
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries				332						
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries				250						
Cemeteries										
Social rental housing										
Other								1 779	1 868	1 962

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<u>Heritage assets</u>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<u>Investment properties</u>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<u>Other assets</u>		-	-	1 160	-	-	-	-	-	-
General vehicles				407						
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment				462						
Computers - hardware/equipment										
Furniture and other office equipment				250						
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings				25						
Other Land										
Surplus Assets - (Investment or Inventory)										
Other				16						
<u>Agricultural assets</u>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
<u>Biological assets</u>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
<u>Intangibles</u>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
<i>Other (list sub-class)</i>										
<b>Total Repairs and Maintenance Expenditure</b>	1	-	-	2 342	2 385	-	2 385	3 297	3 462	3 635

<u>Specialised vehicles</u>		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
<i>R&amp;M as a % of PPE</i>		0,0%	0,0%	1,7%	4,5%	0,0%	4,5%	2,2%	2,2%	2,2%
<i>R&amp;M as % Operating Expenditure</i>		0,0%	0,0%	4,0%	4,2%	0,0%	4,1%	5,9%	5,9%	5,9%

**1.5.2 Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigents Policy. The municipality currently provide registered indigent households within the Government norms and standards of 6kl of free

water and 50 amp electricity. The target is to register more indigent households during the 2015/16 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service measurement is contained in Table 24 MBRR A10 (Basic Service Delivery Measurements) .

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 11 2013/14 Medium-term capital budget per vote**

NC084 !Kheis - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Capital expenditure - Vote</u>											
<u>Multi-year expenditure to be appropriated</u>	2										
Vote 1 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 2 - DIRECTORATE: CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 3 - DIRECTORATE: FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - DIRECTORATE: TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - CLEANING SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 7 - COUNCIL		-	12 463	-	-	-	-	-	-	-	-
Vote 8 - WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - DIRECTORATE: COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 10 - TRAFFIC SERVICES		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	12 463	-	-	-	-	-	-	-	-
<u>Single-year expenditure to be appropriated</u>	2										
Vote 1 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 2 - DIRECTORATE: CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 3 - DIRECTORATE: FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - DIRECTORATE: TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - CLEANING SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - WASTE MANAGEMENT		-	-	-	-	-	-	-	4 234	4 446	4 668
Vote 7 - COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 8 - WATER MANAGEMENT		-	-	-	-	-	-	-	10 671	11 204	11 764
Vote 9 - DIRECTORATE: COMMUNITY SERVICES		-	-	-	-	-	-	-	2 000	2 100	2 205
Vote 10 - TRAFFIC SERVICES		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	16 905	17 750	18 638



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					-						
<b>Total Capital Expenditure - Vote</b>		-	12 463	-	-	-	-	-	16 905	17 750	18 638
<b>Capital Expenditure - Standard</b>											
<i>Governance and administration</i>		-	12 463	-	-	-	-	-	-	-	-
Executive and council			12 463								
Budget and treasury office											
Corporate services											
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-
Community and social services											
Sport and recreation											
Public safety											
Housing											
Health											
<i>Economic and environmental services</i>		-	-	-	6 318	-	6 318	-	-	-	-
Planning and development											
Road transport					6 318		6 318				
Environmental protection											
<i>Trading services</i>		-	-	-	12 242	-	12 242	-	14 905	15 650	16 433
Electricity											
Water					7 726		7 726		10 671	11 204	11 764
Waste water management					4 516		4 516			-	-
Waste management									4 234	4 446	4 668
Other				(27 391)	1 000	(1 000)	-		2 000	2 100	2 205
<b>Total Capital Expenditure - Standard</b>	3	-	12 463	(27 391)	19 560	(1 000)	18 560	-	16 905	17 750	18 638
<b>Funded by:</b>											
National Government		-	10 454								
Provincial Government		-	800								
District Municipality											
Other transfers and grants		-	1 210		19 560	(1 000)	18 560		16 905	17 750	18 638
Transfers recognised - capital	4	-	12 463	-	19 560	(1 000)	18 560	-	16 905	17 750	18 638
Public contributions & donations	5			(27 391)							
Borrowing	6										
Internally generated funds											
<b>Total Capital Funding</b>	7	-	12 463	(27 391)	19 560	(1 000)	18 560	-	16 905	17 750	18 638

For 2015/16 an amount of R16.9 million has been appropriated for the development of infrastructure which represents 99% of the total capital budget. In the outer years this amount totals R17.7 million and R18.6 million respectively for each of the financial years.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 23 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Development of UDS toilets (All towns) - R 4.2 million
- EPWP - R 1 million
- Energy Efficiency - R 2.0 million
- Water metres - !Kheis - R 4.4 million

- Water network – Wegdraai - R 2.7 million
- Water network – Grootdrink - R 3.5 million

## 1.7 Drafted Annual Budget Tables (A1 – A10)

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF to be considered for approval by council. Each table is accompanied by explanatory notes.

**Table 12 MBRR Table A1- Budget Summary**

NC084 !Kheis - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	1 129	1 513	1 781	3 330	55	3 385	-	3 354	3 522	3 698
Service charges	5 988	7 232	7 692	8 066	345	8 411	-	8 457	8 880	9 324
Investment revenue	161	216	140	41	19	60	-	44	46	48
Transfers recognised - operational	14 517	18 186	17 619	21 277	1 001	22 278	-	23 119	24 275	25 489
Other own revenue	1 181	4 926	1 279	3 905	(2 265)	1 639	-	3 598	3 777	3 966
	22 976	32 073	28 511	36 620		35 773	-	38 572	40 501	42 526
<b>Total Revenue (excluding capital transfers and contributions)</b>					(847)					
Employee costs	8 195	10 155	11 956	18 873	(26)	18 847	-	19 434	20 405	21 426
Remuneration of councillors	1 746	1 714	1 470	2 037	-	2 037	-	2 305	2 421	2 542
Depreciation & asset impairment	1 164	18 718	14 666	10 282	-	10 282	-	5 136	5 393	5 662
Finance charges	153	102	320	581	-	581	-	616	647	679
Materials and bulk purchases	1 281	1 186	1 563	3 963	61	4 023	-	4 250	4 463	4 686
Transfers and grants	2 017	-	-	1 905	-	1 905	-	2 019	2 120	2 226
Other expenditure	19 933	8 594	28 337	18 518	1 303	19 821	-	21 717	22 803	23 943
<b>Total Expenditure</b>	34 489	40 470	58 311	56 158	1 337	57 496	-	55 477	58 251	61 164
<b>Surplus/(Deficit)</b>	(11 514)	(8 397)	(29 800)	(19 539)	184	(21 723)	-	(16 905)	(17 750)	(18 638)
Transfers recognised - capital	13 223	17 276	19 679	19 560	-	19 560	-	16 905	17 750	18 638
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
	1 709	8 879	(10 121)	21	(2 184)	(2 163)	-	(0)	(0)	(0)
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>										
Share of surplus/ (deficit) of associate	-	-	-	-	2 138	2 138	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	1 709	8 879	(10 121)	21	(46)	(25)	-	(0)	(0)	(0)
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	-	12 463	(27 391)	19 560	(1 000)	18 560	-	16 905	17 750	18 638
Transfers recognised - capital	-	12 463	-	19 560	(1 000)	18 560	-	16 905	17 750	18 638
Public contributions & donations	-	-	(27 391)	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funds</b>	-	12 463	(27 391)	19 560	(1 000)	18 560	-	16 905	17 750	18 638
<b>Financial position</b>										
Total current assets	4 857	18 933	17 918	40 793	-	40 793	-	41 460	43 533	45 710

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Total non current assets	141 626	139 333	139 017	53 088	–	53 088	–	146 599	153 929	161 625
Total current liabilities	7 761	7 729	16 489	10 708	–	10 708	–	8 695	9 130	9 586
Total non current liabilities	4 569	3 261	5 021	2 881	–	2 881	–	–	–	–
Community wealth/Equity	–	146 721	136 600	80 292	–	80 292	–	–	–	–
<b>Cash flows</b>										
Net cash from (used) operating	14 387	13 376	23 224	16 743	–	16 743	–	10 357	10 875	11 419
Net cash from (used) investing	(13 609)	(12 407)	(23 287)	(19 560)	–	(19 560)	–	–	–	–
Net cash from (used) financing	(459)	(1 127)	46	(546)	–	(546)	–	–	–	–
Cash/cash equivalents at the year end	1 736	1 658	1 641	1 097	–	1 097	–	10 357	21 233	32 652
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	–	3 316	3 282	660	–	660	–	660	693	728
Application of cash and investments	4 358	2 748	1 542	1 545	–	392	–	(32 160)	(33 768)	(35 457)
Balance - surplus (shortfall)	(4 358)	569	1 740	(885)	–	268	–	32 820	34 461	36 185
<b>Asset management</b>										
Asset register summary (WDV)	–	74	113	–	–	–	–	–	–	–
Depreciation & asset impairment	1 164	18 718	14 666	10 282	–	10 282	5 136	5 136	5 393	5 662
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	–	–	2 342	2 385	–	2 385	3 297	3 297	3 462	3 635
<b>Free services</b>										
Cost of Free Basic Services provided	–	–	–	–	–	–	0	0	0	0
Revenue cost of free services provided	–	–	–	141	–	–	149	149	157	165
<b>Households below minimum service level</b>										
Water:	1	–	0	1	–	–	1	1	1	1
Sanitation/sewerage:	1	–	–	–	–	–	–	–	–	–
Energy:	2	–	–	2	–	–	2	2	2	2
Refuse:	2	–	–	2	–	–	2	2	2	2

### Explanatory notes to MBRR Table A1-Budget Summary

- Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspective (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts to be considered for approval by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - The operating surplus/deficit (after Total Expenditure) is positive over MTREF
  - Capital expenditure is balanced by capital funding sources, of which
    - Transfers recognised is reflected on the Financial Performance Budget;

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of service to the poor. The section of Free Service shows that the amount spent on Free Basic Service and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

NC084 !Kheis - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

[illegible]

## !Kheis Local Municipality

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<i>Governance and administration</i>		20 843	24 040	34 999	32 962	3 850	36 812	39 157	41 115	43 171
Executive and council		5 569	4 616	7 443	9 225	294	9 519	10 162	10 670	11 203
Budget and treasury office		15 274	19 424	27 556	18 019	3 556	21 575	21 019	22 070	23 173
Corporate services		–	–	–	5 718	–	5 718	7 977	8 375	8 794
<i>Community and public safety</i>		2 920	–	3 548	1 580	(741)	840	2 448	2 571	2 699
Community and social services		2 920	–	3 548	1 580	(741)	840	2 448	2 571	2 699
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		–	–	–	7 866	–	7 866	805	845	887
Planning and development		–	–	–	1 742	–	1 742	805	845	887
Road transport		–	–	–	759	–	759	–	–	–
Environmental protection		–	–	–	5 365	–	5 365	–	–	–
<i>Trading services</i>		6 521	16 429	8 263	13 750	(1 868)	11 882	18 831	19 772	20 761
Electricity		–	–	–	–	–	–	–	–	–
Water		3 752	2 969	4 360	7 749	(1 562)	6 187	8 460	8 883	9 328
Waste water management		2 769	11 966	3 903	6 001	(306)	5 695	4 532	4 759	4 997
Waste management		–	1 494	–	–	–	–	5 838	6 130	6 436
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
<b>Total Expenditure - Standard</b>	<b>3</b>	<b>30 284</b>	<b>40 469</b>	<b>46 810</b>	<b>56 158</b>	<b>1 241</b>	<b>57 400</b>	<b>61 241</b>	<b>64 303</b>	<b>67 518</b>
<b>Surplus/(Deficit) for the year</b>		<b>8 184</b>	<b>8 880</b>	<b>5 524</b>	<b>21</b>	<b>(4)</b>	<b>(573)</b>	<b>(5 771)</b>	<b>(6 059)</b>	<b>(6 362)</b>

### Explanatory notes to MBRR A2- Budget Financial Performance (revenue and expenditure by standard by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognised-capital) and so does not balance to the operating revenue on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's structure.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

### Table 14 MBRR Table A3- Budget Financial Performance (revenue and expenditure by municipal vote)

NC084 !Kheis - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework
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## !Kheis Local Municipality

## 2015/16 MTREF Budget 38

R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue by Vote</b>	1									
Vote 1 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 2 - DIRECTORATE: CORPORATE SERVICES		-	-	-	605	5	610	643	675	709
Vote 3 - DIRECTORATE: FINANCIAL SERVICES		30 878	42 083	41 487	44 864	-	-	39 871	41 864	43 958
Vote 4 - DIRECTORATE: TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 5 - CLEANING SERVICES		-	-	-	3	-	-	1 003	1 053	1 106
Vote 6 - WASTE MANAGEMENT		3 895	4 196	4 002	4 838	-	-	4 216	4 426	4 648
Vote 7 - COUNCIL		-	33 022	-	-	-	-	-	-	-
Vote 8 - WATER MANAGEMENT		4 477	4 629	4 069	4 935	-	-	8 755	9 192	9 652
Vote 9 - DIRECTORATE: COMMUNITY SERVICES		800	1	188	-	-	-	-	-	-
Vote 10 - TRAFFIC SERVICES		-	-	-	934	-	-	991	1 040	1 092
<b>Total Revenue by Vote</b>	2	40 050	83 931	49 746	56 180	5	610	55 477	58 251	61 164
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	1 436	-	-	1 737	1 824	1 915
Vote 2 - DIRECTORATE: CORPORATE SERVICES		-	-	-	5 718	-	5 718	6 330	6 647	6 979
Vote 3 - DIRECTORATE: FINANCIAL SERVICES		16 856	18 739	36 349	18 019	-	18 019	21 019	22 070	23 173
Vote 4 - DIRECTORATE: TECHNICAL SERVICES		-	-	-	1 742	-	1 742	1 647	1 729	1 815
Vote 5 - CLEANING SERVICES		-	-	3 830	5 365	-	5 365	5 838	6 130	6 436
Vote 6 - WASTE MANAGEMENT		2 769	1 721	8 279	6 001	-	6 001	4 532	4 759	4 997
Vote 7 - COUNCIL		5 569	3 901	5 693	7 788	-	7 788	8 425	8 846	9 288
Vote 8 - WATER MANAGEMENT		3 752	3 709	4 160	7 749	-	7 749	8 460	8 883	9 328
Vote 9 - DIRECTORATE: COMMUNITY SERVICES		2 920	3 456	-	1 580	-	1 580	2 448	2 571	2 699
Vote 10 - TRAFFIC SERVICES		-	-	-	759	-	759	805	845	887
<b>Total Expenditure by Vote</b>	2	31 866	31 526	58 311	56 158	-	54 722	61 241	64 303	67 518
<b>Surplus/(Deficit) for the year</b>	2	8 184	52 405	(8 565)	21	5	(54 112)	(5 763)	(6 051)	(6 354)

### Explanatory notes to MBRR Table A3- Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality.

**Table 15 MBRR A4- Budgeted Financial Performance (revenue and expenditure)**

NC084 !Kheis - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
<b>Revenue By Source</b>											
Property rates	2	1 129	1 513	1 781	3 165	221	3 385	–	3 354	3 522	3 698
Property rates - penalties & collection charges					166	(166)	–				
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	3 009	3 628	3 755	4 089	(25)	4 064	–	4 305	4 520	4 746
Service charges - sanitation revenue	2	2 979	1 533	1 669	1 679	78	1 757	–	1 717	1 803	1 893
Service charges - refuse revenue	2	–	2 071	2 269	2 298	292	2 590	–	2 435	2 557	2 685
Service charges - other											
Rental of facilities and equipment		496	719	479	514	(440)	74		545	573	601
Interest earned - external investments		161	216	140	41	19	60		44	46	48
Interest earned - outstanding debtors		775	1 839	–	1 707	(1 707)	–		176	185	194
Dividends received						–	–			–	–
Fines			2	185	14	–	14		4	4	5
Licences and permits				–	–	361	361		3	3	3
Agency services		(321)	–	–	930	–	930		986	1 036	1 087
Transfers recognised - operational		14 517	18 186	17 619	21 277	1 001	22 278		23 119	24 275	25 489
Other revenue	2	231	2 347	492	738	(479)	260	–	1 883	1 977	2 076
Gains on disposal of PPE			20	124							
<b>Total Revenue (excluding capital transfers and contributions)</b>		22 976	32 073	28 511	36 620	(847)	35 773	–	38 572	40 501	42 526
<b>Expenditure By Type</b>											
Employee related costs	2	8 195	10 155	11 956	18 873	(26)	18 847	–	19 434	20 405	21 426
Remuneration of councillors		1 746	1 714	1 470	2 037		2 037		2 305	2 421	2 542
Debt impairment	3	14 925	–	12 919	4 926		4 926		5 222	5 483	5 757
Depreciation & asset impairment	2	1 164	18 718	14 666	10 282	–	10 282	–	5 136	5 393	5 662
Finance charges		153	102	320	581		581		616	647	679
Bulk purchases	2	570	582	898	899	61	960	–	953	1 001	1 051
Other materials	8	711	604	665	3 063		3 063		3 297	3 462	3 635
Contracted services		–	–	–	–	–	–	–	–	–	–
Transfers and grants		2 017	–	–	1 905	–	1 905	–	2 019	2 120	2 226
Other expenditure	4, 5	5 008	8 594	15 418	13 592	1 303	14 895	–	16 496	17 320	18 186
Loss on disposal of PPE											
<b>Total Expenditure</b>		34 489	40 470	58 311	56 158	1 337	57 496	–	55 477	58 251	61 164
<b>Surplus/(Deficit)</b>		(11 514)	(8 397)	(29 800)	(19 539)	(2 184)	(21 723)	–	(16 905)	(17 750)	(18 638)
Transfers recognised - capital		13 223	17 276	19 679	19 560		19 560		16 905	17 750	18 638
Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Contributed assets											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		1 709	8 879	(10 121)	21	(2 184)	(2 163)	–	(0)	(0)	(0)
Taxation											
<b>Surplus/(Deficit) after taxation</b>		1 709	8 879	(10 121)	21	(2 184)	(2 163)	–	(0)	(0)	(0)





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[illegible]

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Public safety											
Housing											
Health											
<i>Economic and environmental services</i>		-	-	-	6 318	-	6 318	-	-	-	-
Planning and development											
Road transport					6 318		6 318				
Environmental protection											
<i>Trading services</i>		-	-	-	12 242	-	12 242	-	14 905	15 650	16 433
Electricity											
Water					7 726		7 726		10 671	11 204	11 764
Waste water management					4 516		4 516			-	-
Waste management									4 234	4 446	4 668
<i>Other</i>				(27 391)	1 000	(1 000)	-		2 000	2 100	2 205
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	-	12 463	(27 391)	19 560	(1 000)	18 560	-	16 905	17 750	18 638
<b>Funded by:</b>											
National Government		-	10 454								
Provincial Government		-	800								
District Municipality											
Other transfers and grants		-	1 210		19 560	(1 000)	18 560		16 905	17 750	18 638
Transfers recognised - capital	4	-	12 463	-	19 560	(1 000)	18 560	-	16 905	17 750	18 638
Public contributions & donations	5			(27 391)							
Borrowing	6										
Internally generated funds											
<b>Total Capital Funding</b>	<b>7</b>	-	12 463	(27 391)	19 560	(1 000)	18 560	-	16 905	17 750	18 638

### Explanatory notes to Table A5- Budgeted Capital Expenditure by vote, standard classification and funding sources

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi- year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialised tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

3. The capital programme is funded from national grants and transfers, public contributions and donations, and internally generated funds from current year surpluses. For 2015/16, capital transfers totals R16.9 million. No borrowing is intended to finance any of the capital budgets during the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding)

**Table 17 MBRR Table A6- Budgeted Financial Position**

NC084 !Kheis - Table A6 Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
<b>ASSETS</b>											
Current assets											
Cash			1 658	1 641							
Call investment deposits	1	–	1 658	1 641	660	–	660	–	660	693	728
Consumer debtors	1	4 857	13 419	8 733	40 133	–	40 133	–	40 800	42 840	44 982
Other debtors			2 062	5 194							
Current portion of long-term receivables			77	681							
Inventory	2		59	28							
<b>Total current assets</b>		4 857	18 933	17 918	40 793	–	40 793	–	41 460	43 533	45 710
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	141 626	139 258	138 903	53 088	–	53 088	–	146 599	153 929	161 625
Agricultural											
Biological											
Intangible			74	113							
Other non-current assets											
<b>Total non current assets</b>		141 626	139 333	139 017	53 088	–	53 088	–	146 599	153 929	161 625
<b>TOTAL ASSETS</b>		146 483	158 266	156 935	93 881	–	93 881	–	188 059	197 462	207 335
<b>LIABILITIES</b>											
Current liabilities											
Bank overdraft	- 1										
Borrowing	4	315	728	1 180	862	–	862	–	521	547	574
Consumer deposits			65	69							
Trade and other payables	4	7 446	5 833	12 423	9 846	–	9 846	–	8 174	8 583	9 012
Provisions			1 103	2 817							
<b>Total current liabilities</b>		7 761	7 729	16 489	10 708	–	10 708	–	8 695	9 130	9 586
Non current liabilities											
Borrowing		4 569	2 158	2 204	–	–	–	–	–	–	–
Provisions		–	1 103	2 817	2 881	–	2 881	–	–	–	–
<b>Total non current liabilities</b>		4 569	3 261	5 021	2 881	–	2 881	–	–	–	–
<b>TOTAL LIABILITIES</b>		12 330	10 990	21 510	13 589	–	13 589	–	8 695	9 130	9 586
<b>NET ASSETS</b>	5	134 153	147 276	135 424	80 292	–	80 292	–	179 364	188 332	197 748
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)			146 721	136 600	80 292		80 292		137 600	144 480	151 704
Reserves	4	–	–	–	–	–	–	–	–	–	–
Minorities' interests											
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	–	146 721	136 600	80 292	–	80 292	–	137 600	144 480	151 704

### Explanatory notes to Table A6- Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understand-ability for councillor and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 47 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits
  - Consumer debtors
  - Property, plant and equipment
  - Trade and other payables
  - Provisions non-current
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community
5. Any movement on the Budgeted Financial Performance or Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 18 MBRR Table A7- Budgeted Cash Flow Statement

NC084 !Kheis - Table A7 Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		5 276	2 720	8 304	3 165		3 165		3 354	3 522	3 698
Service charges									8 457	8 880	9 324
Other revenue									3 422	3 593	3 773

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Government - operating	1	14 519	18 186	38 860	21 277		21 277		23 119	24 275	25 489
Government - capital	1	13 223	15 063		19 560		19 560		16 905	17 750	18 638
Interest		1 907	2 055	140	1 748		1 748		220	231	242
Dividends									-	-	-
Payments											
Suppliers and employees		(20 318)	(24 546)	(23 762)	(31 493)		(31 493)		(42 485)	(44 609)	(46 840)
Finance charges		(220)	(102)	(320)	581		581		(616)	(647)	(679)
Transfers and Grants	1	-			1 905		1 905		(2 019)	(2 120)	(2 226)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>14 387</b>	<b>13 376</b>	<b>23 224</b>	<b>16 743</b>	<b>-</b>	<b>16 743</b>	<b>-</b>	<b>10 357</b>	<b>10 875</b>	<b>11 419</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
Receipts											
Proceeds on disposal of PPE		69	56	4 104					-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(13 679)	(12 463)	(27 391)	(19 560)		(19 560)		-	-	-
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(13 609)</b>	<b>(12 407)</b>	<b>(23 287)</b>	<b>(19 560)</b>	<b>-</b>	<b>(19 560)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits					7		7		-	-	-
Payments											
Repayment of borrowing		(459)	(1 127)	46	(553)		(553)		-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(459)</b>	<b>(1 127)</b>	<b>46</b>	<b>(546)</b>	<b>-</b>	<b>(546)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>319</b>	<b>(158)</b>	<b>(17)</b>	<b>(3 363)</b>	<b>-</b>	<b>(3 363)</b>	<b>-</b>	<b>10 357</b>	<b>10 875</b>	<b>11 419</b>
Cash/cash equivalents at the year begin:	2	1 417	1 817	1 658	4 460		4 460		-	10 357	21 233
Cash/cash equivalents at the year end:	2	1 736	1 658	1 641	1 097	-	1 097	-	10 357	21 233	32 652

**Explanatory notes to Table A7- Budget Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2015/2016 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Table 19 MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

NC084 !Kheis - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	1 736	1 658	1 641	1 097	–	1 097	–	10 357	21 233	32 652
Other current investments > 90 days		(1 736)	1 658	1 641	(437)	–	(437)	–	(9 697)	(20 540)	(31 924)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
<b>Cash and investments available:</b>		–	3 316	3 282	660	–	660	–	660	693	728
<u>Application of cash and investments</u>											
Unspent conditional transfers		1 079	–	–	5 158	–	5 158	–	2 138	2 245	2 358
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	3 279	2 748	1 542	(3 613)	–	(4 766)	–	(34 298)	(36 013)	(37 815)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		4 358	2 748	1 542	1 545	–	392	–	(32 160)	(33 768)	(35 457)
<b>Surplus(shortfall)</b>		(4 358)	569	1 740	(885)	–	268	–	32 820	34 461	36 185

### Explanatory notes to Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

Table 20 MBRR Table A9 – Asset Management

NC084 !Kheis - Table A9 Asset Management

[illegible]

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<i>Infrastructure - Electricity</i>										
<i>Infrastructure - Water</i>										
<i>Infrastructure - Sanitation</i>										
<i>Infrastructure - Other</i>										
Infrastructure		-	-	-	-	-	-	-	-	-
Community										
Heritage assets										
Investment properties		-	-	-	-	-	-	-	-	-
Other assets										
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	74	113	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>	<b>-</b>	<b>74</b>	<b>113</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURE OTHER ITEMS</b>										
<u>Depreciation &amp; asset impairment</u>		1 164	18 718	14 666	10 282	-	10 282	5 136	5 393	5 662
<u>Repairs and Maintenance by Asset Class</u>	<b>3</b>	-	-	2 342	2 385	-	2 385	3 297	3 462	3 635
<i>Infrastructure - Road transport</i>		-	-	250	1 059	-	1 059	-	-	-
<i>Infrastructure - Electricity</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Water</i>		-	-	250	409	-	409	920	966	1 014
<i>Infrastructure - Sanitation</i>		-	-	-	344	-	344	598	628	659
<i>Infrastructure - Other</i>		-	-	100	573	-	573	-	-	-
Infrastructure		-	-	600	2 385	-	2 385	1 518	1 594	1 673
Community		-	-	582	-	-	-	1 779	1 868	1 962
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	<b>6, 7</b>	-	-	1 160	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>1 164</b>	<b>18 718</b>	<b>17 008</b>	<b>12 667</b>	<b>-</b>	<b>12 667</b>	<b>8 433</b>	<b>8 855</b>	<b>9 297</b>
<i>Renewal of Existing Assets as % of total capex</i>		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<i>R&amp;M as a % of PPE</i>		0,0%	0,0%	1,7%	4,5%	0,0%	4,5%	2,2%	2,2%	2,2%
<i>Renewal and R&amp;M as a % of PPE</i>		0,0%	0,0%	2067,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

**Explanatory notes to Table A9 – Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.



Table 21 MBRR Table A10 – Basic Service Delivery Measurement

**NC084 !Kheis - Table A10 Basic service delivery measurement**

[illegible]

## !Kheis Local Municipality

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Water (6 kilolitres per household per month)		11			1 500			1 600	1 632	1 665
Sanitation (free minimum level service)		800			1 500			1 600	1 632	1 665
Electricity/other energy (50kwh per household per month)		811			1 500			1 600	1 632	1 665
Refuse (removed at least once a week)		811			1 500			1 600	1 632	1 665
<b>Cost of Free Basic Services provided (R'000)</b>										
Water (6 kilolitres per household per month)	8							0	0	0
Sanitation (free sanitation service)								0	0	0
Electricity/other energy (50kwh per household per month)								0	0	0
Refuse (removed once a week)								0	0	0
Total cost of FBS provided (minimum social package)		-	-	-	-	-	-	0	0	0
<b>Highest level of free service provided</b>										
Property rates (R value threshold)					-			-		
Water (kilolitres per household per month)					6			6	7	7
Sanitation (kilolitres per household per month)					-			-	-	-
Sanitation (Rand per household per month)					25			26	28	29
Electricity (kwh per household per month)					50			53	56	58
Refuse (average litres per week)										
<b>Revenue cost of free services provided (R'000)</b>										
Property rates (R15 000 threshold rebate)	9									
Property rates (other exemptions, reductions and rebates)										
Water					63			67	71	74
Sanitation					19			20	21	22
Electricity/other energy					30			32	34	35
Refuse					21			22	24	25
Municipal Housing - rental rebates					7			7	8	8
Housing - top structure subsidies	6									
Other										
Total revenue cost of free services provided (total social package)		-	-	-	141	-	-	149	157	165

**Explanatory notes to Table A10 – Basic Services Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for more households to be registered as indigent in 2015/16, and therefore entitled to receiving Free Basic Services.
3. It is anticipated that these Free Basic Services will cost the municipality R1.9 million in 2015/16, increasing to R2 million in 2015/16. This is covered by the municipality's equitable share allocation from national government.

## **Part 2 – SUPPORTING DOCUMENTATION**

### **2.1 Overview of the annual budget process**

In terms of Section 30 of the Municipal Systems Act no 32 of 2000, the *Mayor of a municipality must in accordance with S 29 –*

*“(c) Submit the draft plan to the municipal council for adoption by the council, further*

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality chaired by the Municipal Manager.

The primary aims of the Budget Steering Committee are to ensure:

- That the process followed to compile the budget complies with legislation and good budget practices;
- That there is proper alignment between the policy and service delivery priorities set out in the municipality’s IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- That the municipality’s revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### **2.1.1 Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

Section 28 (1) of the Municipal Systems Act requires each municipality to adopt a process in writing to guide the planning, drafting, adoption and review of its Integrated Development Plan.

The Mayor tabled in Council the required the IDP and budget time schedule on 30 August 2013. Key dates applicable to the process were:

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
1	Jun 2014	Assess the 2013/14 IDP & Budget process to address deficiencies, improvements and ensure integration and alignment of processes for 2014/2014 - 2017/2018	IDP Office	IDP Manager & Chief Financial Officer	Internal Process	30 June 2014	Done
2	July 2014	Draft 2015/16 <i>IDP and Budget process time schedule</i> outlining the steps and timeframes for compilation of the 2014/14 IDP, Budget and two outer year's Budget and SDBIP	IDP Office	IDP Manager & Chief Financial Officer	MFMA S21(1)(b)	15 July 2014	Done and submitted to Council
3		Municipal Strategic Session to deliberate on (a) the 20/ 30 year Spatial Development Plan (SDP) and (b) high level strategic issues to redefine Council's short term Strategic Agenda to implement SDP.	Office of the MM	Municipal Manager Directors Executive Mayor Exco Members	Internal Process	19 and 20 July 2014	Done, process also started with Consultants appointed by CoGTA
4		Attend District IDP Managers Forum Meeting-Discuss outcomes of IDP and Budget Assessments, Challenges and District Interventions i.t.o IDP and budget planning for the review process.	IDP Office	IDP Manager	Internal Process	23 July 2014	Done
5		Ward Committee Meetings to review the prioritisation of community needs in approved IDP and discuss the process for developing Neighbourhood Plans: Communicate final approved 13/14 Budget, Tariffs and IDP to Ward Committees.	Office of the Speaker	Speaker	MSA	24 July 2014	Done through public participation process
6		Consider MEC comments and recommendations on assessment of initial IDP Document and IDP processes followed.	IDP Office	Municipal Manager Directors IDP Manager	MSA S21	31 July 2014	
7	Jul 2014	Signing of 2015/16 performance contracts for Section 57 Managers and Submission to the Mayoral Committee	Office of the MM	Municipal Manager	MFMA S53(1)(c)(iii)	31 July 2014	Contracts had been signed by all parties
8		Signing of lower levels staff performance agreements.					
		Prepare and finalise Departmental Plans	All Departments	Municipal Manager Directors	Internal Process	31 July 2014	Done through SDBIP

9		Final Section 57 Managers 2013/14 Performance Assessments  Final Performance Assessments of lower level staff	MM	Municipal Manager  Executive Mayor	MSA and MFMA	31 July 2014	Outstanding
10		Finalise logistic processes in respect of each of the IDP and budget meetings and table a business plan to Management in this regard.	IDP Office	IDP Manager	Internal Process	31 July 2014	Done, with process plan
11		Convene IDP and Budget Steering Committee Meeting. (Dry Run) Final Discussion of Public Participation Meeting Processes.	IDP Office	IDP Manager	MSA Ch 5	8 August 2014	Done, programme submitted to all Councillors
12		Operational Budget: Salary/Wages schedules to Directors for scrutiny & Corrections	BTO	CFO  Directors	Internal Process	17 August 2014	Done
13		IDP Public Participation Meetings. Communicate Capital Projects per Ward on 14/15 budget, Reconfirm / review service deliver/development priorities.	IDP Office  Office of the Speaker	IDP Manager  Directors  Speaker  Ward Councillors  Mayor	MSA Ch5 S29	20 – 23 August 2014	Done
14	<b>Aug 2014</b>	Consult Sector Departments to establish programme/Projects for 5 years – Inter-governmental engagements on IDP and Budget	IDP Office  BTO	IDP Manager  CFO	MSA Ch5 S24	27 – 29 August 2014	Done, meeting held at Municipal library office
15		Adjustment of Budget Rollovers; changes on SDBIP and KPI'S as per Adjustment Budget	BTO  Corporate Services	CFO  Director Corporate Services	MFMA S28 MBRR S23	31 August 2014	No Adjustment budget for 2012/13
16		Tabling of and briefing Council on the Draft 2015/16 IDP/Budget Process Plan for approval, including time schedules for IDP/Budget Public participation meetings.	IDP Office  BTO	IDP Manager  Chief Financial Officer	MFMA S21(1)(b)	31 August 2014	Done

Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
17	Sep 2014	Advertise the budget process and dates of IDP/Budget Public meetings on Municipal Website, Municipal Newsletter and Local Newspapers	IDP Office	IDP Manager Municipal Manager	MSA and MFMA	3 September 2014	Only on the notice board of the Municipality
18		Attend District IDP Managers Forum Meeting. Develop uniform guidelines for IDP/Budget review.	IDP Office	IDP Manager Municipal Manager	Internal Process	3 September 2014	Done
19		Forward adjustment budget (hard and electronic copies) to National Treasury and Provincial Treasury after approval.	BTO	CFO	MFMA S28(7)	3 September 2014	No Adjustment budget
20		Review of Municipal Strategic Plan Workshop with Council: Review Municipal KPA and Strategic Objectives	Office of the MM	Municipal Manager Directors Council	Internal Process	3 – 28 September 2014	Not done
21		Operational Budget: Salary/Wages schedules with corrections and recommendations to be returned to Finance Department	All Departments	Directors CFO	Internal Process	28 September 2014	Done
22		Attend Quarterly Provincial IDP Manager Forum Meeting in preparation for IDP Indaba 2	IDP Office	IDP Manager	Internal Process	28 September 2014	Did not attend
23	Oct 2014	Two Day Neighbourhood Development Session with Wards to prepare Draft Neighbourhood Development Plans	IDP Office	IDP Manager	Internal Process	1 & 2 October 2014	Done
24		Directorates to be provided with the previous financial year 5 year Capital Plan in order to be able to indicate any changes that need to be made and identify any new projects that needs to be added for the compilation of the Draft Capital Budget	BTO	CFO Directors	Internal Process	5 October 2014	Done
25		Ward Committee Meetings: Discuss, scrutinise community needs as outcome of IDP/ Budget public engagement sessions to IDP forum. (IDP forum consolidate requests from all wards where after projects prioritized in line with available funding over five year period) Escalate community needs relating national/ provincial mandates to relevant	IDP Office	IDP Manager	MSA	8 – 12 October 2014	Done

		organ(s) of state					
Item No	Period	Activity	Co – Co-ordinating Department	Responsibility	Legislative Requirement and Information	Target date	Progress against target & Comments
26	Oct 2014	Review and costing of municipal rates and tariffs. Preparation of tariffs and bulk resource (water (WaterBoard), electricity (NERSA), etc.) engagement documentation.  Directors to be provided with the previous year's operating expenditure / income actual and current year projections to be used as a base for new Operating Budget. (CFO will further submit budget guidelines to Budget Steering Committee for approval. Guidelines to include deadline dates by which Directorates have to meet as well as submission of requests per line item with a zero based budget)	BTO	CFO Directors Budget Steering Committee	Internal Process	15 October 2014	Still under process
27		Attend District Stakeholders Engagement Session to inform Sector Departments and Stakeholders of IDP/Budget needs analysis.	IDP Office	IDP Manager	Internal Process	16 October 2014	Done
28		Table Revised Strategic Plan in Council for approval	Office of the MM	Municipal Manager	Internal Process	30 October 2014	Done
29		Review Municipal Spatial Development Framework	Planning and Development	Director Planning and Development	Internal Process	31 October 2014	Done
30		Submit Quarterly Report (July 2014 – September 2014) on implementation of budget and financial state of affairs to Council	Office of the MM	Executive Mayor	MFMA S52(d)	31 October 2014	Done and submitted to Council
31		Engagements with Provincial Government regarding any adjustments to projected allocations for next 3 years in terms of the MTREF	BTO	CFO Directors	MFMA S28	31 October 2014	Done
32		Updating and review of strategic elements of IDP in light of the focus of Council	IDP Office	IDP Manager	MSA	31 October 2014	Done
33	Nov	Operational Budget: Income / Expenditure inputs and statistics to be	All Departments	Directors	Internal Process	19 November	

	<b>2015</b>	returned to Budget Office				2014	Done and finalised
34	<b>Nov 2014</b>	Directors Identify/Create Projects as outcome of the prioritisation of development needs during IDP public engagements sessions within projected budget allocations.	All Departments	CFO Directors	MSA	5 – 23 November 2014	Done
35		Convene IDP/ Budget Steering Committee Meeting: Identify projects per Ward with Budget Allocations; prioritise implementation and integration where possible.	IDP Office	IDP Manager IDP Steering Committee	MSA	23 November 2014	Done
36		Review Municipal Strategies, objectives, KPA's, KPI's and targets. - Identification of priority IDP KPI's incorporate in IDP and link to budget	IDP Manager	IDP Steering Committee CFO	MSA and MFMA	1 – 30 November 2015	Done
37		Capital Budget: Inputs from the different Directorates to be returned to the Budget Office	All Departments	Directors	Internal Process	30 November 2014	Done
38		Executive management articulates outcomes, objectives, priorities and outputs desired for next three years and submit capital budget project proposals for draft IDP Review document to Budget Office	All Departments	Budget Steering Committee Executive Management	Internal Process	30 November 2014	Done
39		Based on financial statements of 2011/12 determine municipality's financial position & assess its financial capacity & available funding for next three years	BTO	CFO	Internal Process	30 November 2014	Audit action plan for 2012/13, waiting on report for compilation 2013/14 action plans
40		Finalise Salary Budget for 2015/2016	BTO	CFO	Internal Process	30 November 2015	Done
41		Submit Bulk Resource documentation (water (Water Board), electricity (NERSA)) for consultation on municipal tariffs for 2015/16 and the two outer Budget years.	BTO	CFO	Internal Process	30 November 2015	Done by Technical Department



42	<b>Dec 2014</b>	Finalise preliminary projections on operating revenue and expenditure budget for 2015/2016	BTO	CFO	Internal Process	10 December 2015	Done
43	<b>Dec 2014</b>	Convene IDP Representative Forum Meeting to give feedback and discuss outcome of Budget steering committee meeting	IDP Office	Municipal Manager IDP Manager CFO	MSA	14 December 2014	Done
44	<b>Dec 2014</b>	<b>Workshop 1:</b> draft IDP, Budget and proposed tariffs and SDBIP with Council.  Provide progress update to council against IDP/Budget process schedule and obtain approval for any adjustments to process.	IDP Office	Mayor Municipal Manager IDP Manager CFO	MFMA & MSA	Late November/ early December 2014	Section 72
45		Finalise expenditure on operational budget for the budget year and two outer years.	BTO	CFO	Internal Process	21 December 2014	Section 72
46		Conclusion of Sector Plans and integration into the IDP document	IDP Office	IDP Manager	MSA	21 December 2014	Done
47		Finalise departmental Plans and link to IDP	All Departments	IDP Manager Directors	MSA	21 December 2014	Done
48	<b>Jan 2015</b>	Request and/ or follow-up with Water Board/ NERSA/ other Bulk Service providers for feedback on proposed municipal 2015/16 – 2015/16 tariffs and engagement documentation submitted in Nov 2014	BTO	CFO	MFMA	15 January 2015	Outstanding
49		Submit Draft IDP, Budget and SDBIP to Director Corporate Services with proposed schedule of Ward Committee Meetings for post IDP & Budget Feedback & Consultation Process	IDP Office	IDP Manager	MSA	18 January 2015	Done
50		Executive Management finalise the draft IDP & Capital Budget for referral to IDP & Budget Steering Committees. <b>Processes to be followed to be clearly set out in municipality's budget management and implementation policy.</b>	Office of the MM	Municipal Manager Directors	Internal Process	21 January 2015	Done

51		Tabling of 2014/14 Mid-Year Assessment (to potentially influence 2014/14) to Council	Office of the MM	Municipal Manager Directors	MFMA S72	25 January 2015	Done
52		Meetings and formal consultation with Bulk Service Providers (ESCOM and relevant Water Board on bulk purchase price increase assumptions	BTO	CFO	MFMA S23	28 & 29 January 2015	Still outstanding
53		Submit Quarterly Report (Oct 2014 – Dec 2014) on implementation of budget and financial state of affairs to Council. Consider combining with MFMA S. 72 mid-year performance assessment.	Office of the MM	Executive Mayor	MFMA S52(d)	30 January 2015	Done
54		Tabling of 2012/13 Annual Report to Council	Office of the MM	Municipal Manager	MFMA S127(2)	31 January 2015	Done
55		Convening Budget Steering Committee Meeting for the purpose to discuss and prioritise draft Capital projects for the next three years	Office of the MM	Budget Steering Committee	MSA S29	31 January 2015	Outstanding
56	<b>Jan 2015</b>	Final review of municipal strategies, objectives, KPA's, KPI's and targets	IDP Office	IDP Manager IDP Steering Committee	Internal Process	31 January 2015	Outstanding
57		Review all budget related policies	BTO	CFO	MBRR 7	2 - 31 January 2015	Busy
58		Adjustment Budget: Finalise Capital and Operational budget projections for 2015/2016	BTO	CFO	MBRR 21	31 January 2015	Busy
59		Submit Annual Report to Auditor General, Provincial Treasury and COGTA	Office of the MM	Municipal Manager	MFMA S(127)(5)(b)	1 February 2015	Done
60	<b>Feb 2015</b>	Directors Identify projects and forward local Budget Needs priorities to ZF Mgacwu. Project alignment between ZF Mgacwu and !Kheis Local Municipality	All Departments	Directors	Internal Process	1 – 8 February 2015	In process
61		Ward Committee Meetings: Discuss and brief Ward Committees on Council's revised strategic plan, Strategic Objectives and envisaged deliverables.	IDP Office	IDP Manager	Internal Process	4 – 13 February 2015	Programme already submitted to Council
62		Review tariffs and charges and determine affordable tariffs and finalise	BTO	CFO	MFMA s20	15 February	Busy

		income budget.				2015	
63	<b>Feb 2015</b>	Attend Provincial IDP INDABA Incorporate Sector Departments Projects in Draft IDP.	IDP Office	IDP Manager Directors	Internal Process	20 February 2015	Waiting for invite
64		Municipalities receive inputs from National and Provincial Government and other bodies on factors influencing the budget, e.g. Grant Allocations	Office of the MM BTO	Municipal Manager CFO	MFMA21(2)(c)	15 – 22 February 2015	Waiting on DORa report
65		Attend District IDP Managers Forum Meeting to discuss the alignment of IDP Strategic Development Goals with ZF Mgcawu DM. Draft IDP Presentations.	IDP Office	IDP Manager	Internal Process	25 February 2015	Busy
66		Present Draft IDP and Budget to Steering Committees for quality check	IDP Office BTO	IDP and Budget Steering Committees	MBRR S4	27 February 2015	Busy
67	<b>Feb 2015</b>	Submit first draft IDP to ZF Mgcawu DM for Horizontal Project alignment between the ZF Mgcawu DM and !Kheis Local Municipality	IDP Office	IDP Manager	Internal Process	28 February 2015	
65		Table Adjustment Budget to Council for approval	Office of the MM	Municipal Manager	MBRR S23	28 February 2015	
66		Amend IDP, SDBIP, KPI's and performance agreements i.t.o adjustment budget	Office of the MM	Municipal Manager Directors	MFMA 28	28 February 2015	
67	<b>Mar 2015</b>	Present Draft IDP and Budget to Steering Committees for quality  Check (Including recommendations / adjustments made at meetings of 27 February 2014)	IDP Office BTO	IDP and Budget Steering Committees	MBRR 4	6 March 2015	
68		<b>Workshop 2:</b> draft IDP, Budget and proposed tariffs and SDBIP with Council.  Provide progress update to council against IDP/Budget process schedule and obtain approval for any adjustments to process.	IDP Office BTO	IDP Manager CFO	Internal Process	11 & 12 March 2015	
69		Forward Adjustment Budget (hard and electronic copies) to National and Provincial Treasury after approval	BTO	CFO	MBRR 24	14 March 2015	
70		Publication of approved Adjustment Budget after approval per MSA and on municipal website	BTO	CFO	MBRR 26	14 March 2015	

71		Municipal Manager presents final draft IDP, Budget, SDBIP and Budget related policies to the Mayor for perusal and tabling to Council	Office of the MM	Municipal Manager	Internal Process	18 March 2015	
72		Municipal Manager submit draft IDP, Budget, and Related Policies to Director Corporate Services for inclusion in Council Meeting Agenda	Office of the MM	Municipal Manager	Internal Process	20 March 2015	
73		Table ( <i>and briefing of council</i> ) draft IDP, Budget, SDBIP and Related policies and proposed schedule of Ward Committee Meetings for IDP & Budget Feedback/Consultation Process to Council (Principal Approval)	Office of the MM	Municipal Manager	MFMA S16	28 March 2015	
74	<b>Mar 2015</b>	Training workshop for councillors to equip councillors for Public participation meetings.  Briefing of councillors on logistical arrangements for public participation meetings.	Office of the MM	Municipal Manager  And Sec 57 Managers, etc.	MFMA	29 March 2015	
74		Council to Consider and adopt an oversight report on 2011/12 Annual Report	Office of the MM	Municipal Manager	MFMA S129(1)	28 March 2015	
75	<b>April 2015</b>	Advertise & Inviting public comments on Draft Budget, Proposed Tariffs, and IDP Place copies of Draft Budget and IDP at all municipal buildings.	Corporate Services  BTO	Director Corporate Services  CFO	MBRR S15  MFMA S22	2 April 2015 (Advertise)  2 – 26 April 2015 (public comments)	
76	<b>April 2015</b>	Forward Copy of preliminary approved Budget ,IDP, SDBIP & related documents (hard and electronic copies) to National & Provincial Treasury – 10 working days after tabling	Office of the MM	CFO  IDP Manager	MFMA S22(b)	12 April 2015	
77		Attend District IDP Managers Forum- Present Draft IDP for input.	IDP Office	IDP Manager	Internal Process	16 April 2015	
78		Public Consultation Meetings: Feedback / Consultation on preliminary approved IDP & Budget ( Details as per Annexure A)	Office of the MM	Municipal Manager  Directors	MBRR S15  MFMA S23	15 – 22 April 2015	
79		Engagement with the Provincial Treasury on draft budget benchmark	Office of the MM	Municipal Manager	MFMA Ch 5	24 April 2015	

80		CFO and Director Corporate Service analyse public and Ward Committee comments and inputs on Draft IDP and Budget and prepare recommendations for Council's perusal	Corporate Services BTO	CFO Director Corporate Services	MBRR S16(1)(a)	30 April 2015	
81		Submit Quarterly Report (Jan 2014 – Mar 2014) on implementation of budget and financial state of affairs to Council	Office of the MM	Executive Mayor	MFMA s52(d)	30 April 2015	
82	<b>May 2015</b>	Council considers public and Government Departments comments and inputs and revised IDP, Budget and SDBIP if necessary.	Office of the MM	Municipal Manager	MBRR 16(1)(a)	2 – 10 May 2015	
83		Present Final IDP, Budget and final draft SDBIP to Steering Committees for quality Check (Including recommendations made by all stakeholders and Council)	IDP Office BTO	IDP and Budget Steering Committees	MBRR 4	14 and 15 May 2015	
84	<b>May 2015</b>	Table final IDP, budget & related documents to Council for approval.	Office of the MM	Municipal Manager	MFMA S24(1)	31 May 2015	
85	<b>June 2015</b>	Inform local community on approved IDP and Budget Detail –  Place Newspaper Article and Copies at Libraries	Office of the MM	Municipal Manager	MBRR S18	3 June 2015	
86		Send copy of approved Budget, IDP, & related documents (incl. final draft SDBIP) to National and Provincial Governments and other stakeholders Ensure Signed Quality Certificate as per S5 of MBRR is also attached.	IDP Office BTO	CFO IDP Manager	MFMA S24(3)	14 June 2015	
87		Publication of Approved Budget and IDP within 10 workings days on Municipal Website	BTO IDP Office	CFO IDP Manager	MFMA S75(1)(a)	14 June 2015	
88		Submit draft SDBIP to Mayor within 14 days after approval of budget	Office of the MM	Municipal Manager	MFMA S69(3)(a)	14 June 2015	
89		Mayor approves the municipality's SDBIP within 28 days after the approval of the budget and submit hard and electronic copy to NT and PT	Mayor's Office	Executive Mayor	MFMA S(53)(1)(c)(ii)	28 June 2015	
90		Place approved IDP, budget, SDBIP and related documents on CD for all councillors and distribute.	IDP Office	IDP Manager	Internal Process	28 June 2015	

### IDP and Budget Process

Due to the political instability meetings could not be convened.

**Political and management oversight of the budget compilation process and more specifically.**

**IDP Representative Forum** – This forum represents all stakeholders and is inclusive as possible. Efforts will be made to bring additional organizations into the IDP RF and ensure their continued participation throughout the progress.

**IDP and Budget Steering Committee** – Oversee the alignment of the planning process with the district framework.

**Determination of priorities/projects**

Through public participation needs and priorities are identified.

Newspapers will inform the community of the progress of the IDP

The website will also be utilized to communities and inform the community. Copies of the IDP and the Budget will be placed on the website for people and service providers to download.

**Alignment of municipal priorities with National, Provincial and sector priorities.**

The municipality used the conditional grants as published in the 2013 Division of Revenue bill and the 2013 Northern Cape appropriation bill for the Financial Performance budget and the Financial Capital budget. Projects identified and priorities in the 2015/16 reviewed IDP were budgeted for in the capital budget.

The following projects were approved to be funded out of MIG

- Development of UDS toilets in all towns R 4 234 458
- Bulk water: Grootdrink R 3 529 590
- Bulk water: Wegdraai R 2 720 952
- Energy Efficiency Demand Sight Management R 2 000 000
- Installation of water metres in !Kheis area R 4 250 000

**2.1.2 IDP and Service Delivery and Budget Implementation Plan**

This is the second review of the IDP as adopted by the new Council that was elected in May 2013. It started in September 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2015/16 MTREF in August.

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and Deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;

- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2015/16 MTREF, based on the approved 2014/2015 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2015/16 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2014/2015 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

The Draft Service Delivery and Budget Implementation Plan (SDBIP) with Draft Performance Agreements will be submitted to the Mayor after the approval of the Draft IDP and Budget; and the final SDBIP will be tabled to Council for approval with the Performance Agreements on the 29 May 2015 with the final IDP and Budget.

### **2.1.3 Financial Modelling and Key Planning Drivers**

5As part of the compilation of the 2015/16 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2015/16 MTREF:

- Municipal growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2013/2014 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 66 and 67 has been taken into consideration in the planning and prioritisation process.

## **2.2 Overview of alignment of annual budget with IDP**

The constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategies (PGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPs);



- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic for the 2015/16 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

Priority Issues	Objectives	Strategies
1. Lack of a well organized and effective systems and implemented policies and plans to manage and serve the whole Municipal Area	To improve the capacity within the Municipality as well as to establish effective systems for management and rendering of sustainable services to the Community of !Kheis Municipality, by December 2014.	The restructuring of the human resources at the Municipality, including staff training and appointment of additional staff Upgrading of the Administrative and Financial systems, including training on how to use these systems Compilation of necessary strategic plans and policies to guide management and operations
2. Lack of proper and sufficient water provision	To provide access for all the resident of !Kheis Municipality, to clean drinking water, according to RDP standards, by December 2013.	Provision of bulk water reservoirs, Provision of external water supply Upgrading of existing water networks and sanitation systems
3. Lack of proper and sufficient accommodation/ housing	To provide 500 plots to communities within the whole !Kheis Municipal Area by September 2013 Provide 76 houses to communities like Grootdrink, Topline, Wegdraai, Boegoeberg and Sternham by June 2014	Provision of basic serviced sites Provision of low-cost housing Provision of alternative housing schemes
4. Lack of good quality roads infrastructure, including storm water systems as well as efficient transport system	To improve road infrastructure in the whole municipal area on an annual basis, in order to make communities more accessible to all residents, as well as to make public transport more efficient.	Development of storm water systems Upgrading of roads and streets infrastructure Development of new roads and streets Maintenance of existing roads and streets infrastructure
5. Lack of proper and sufficient sanitation and sewerage systems to all residents	To provide access for all the resident of !Kheis Municipality, to sanitation and sewerage systems, according to RDP standards, by June 2014 To legalise all existing landfill sites in !Kheis Municipality by December 2014 To development an additional landfill site in !Kheis Municipality according to the demand	Provision of sanitation up to the minimum NTOD standard Upgrading of current sewerage systems
6. Low levels of skilled people as well as high levels of poverty and unemployment	To create an environment in which to empower the Community through capacity building and skills development, as well as for economic growth relating to the agricultural, mining and tourism sector, in order to reduce unemployment and poverty with at least 5%, by June 2016	Capacity Building of small and emerging farmers Capacity building of youth Skills Development programmes Provision of necessary agricultural infrastructure and improved livestock production Possible establishment of agri-industries to add value to agricultural products Determining possibilities of mining in the area Development, integration and management of the tourism industry
7. Lack of quality health and emergency services and facilities	To provide access to good quality health and emergency services for all the residents of !Kheis Municipality, by June 2015.	Upgrading and improvement of health facilities and emergency services Provision of new services Equipping / capacity building of health personnel
8. Lack of sufficient cemeteries.	To provide proper cemetery facilities in all wards of !Kheis Municipality by June 2015.	Upgrading of existing cemeteries Development of new cemeteries
9. Proper planning and development of Opwag	The township establishment of Opwag by June 2015, in order to plan and develop the towns to their full potential.	Township Establishment of Opwag
10. Lack of sport and recreation facilities	To provide access to good quality Sport and Recreation facilities for all the youth and the rest of the community of !Kheis Municipality, by 2015.	Upgrading of existing sport and recreation facilities Provision of new sport and recreation facilities
11. Lack of sufficient and effective telecommunication systems	To Provide sufficient and effective access to communication systems to all residents of the !Kheis Municipality by June 2014.	Upgrading of existing communication networks and systems Establishment of new communication systems and networks, i.e. Cellphones
12. Lack of electricity	To provide access to electricity for all residents of !Kheis	Provision of electricity networks to those areas without networks

provision to all residents	Municipality by June 2015.	Erection of street lights in areas where needed
----------------------------	----------------------------	---

**Needs and issues as identified by the IDP Representative Forum during this Draft IDP Phase:**

Noted that a final IDP Public Participation Process will take place in May 2015 in the various areas of !Kheis Municipality. However it is envisaged that more of the community priority needs may be added.

Issues as agreed upon by the IDP Steering Committee as well as IDP Representative Forum, for the Draft IDP Process in !Kheis Municipality are as follows:

- Lack of a well organized and effective systems and implemented policies and plans to manage and serve the whole Municipal Area
- Lack of proper and sufficient water provision in some of the areas
- Lack of proper and sufficient accommodation / housing
- Lack of good quality roads infrastructure, including storm water systems as well as efficient transport system
- Lack of proper and sufficient sanitation and sewerage systems to all residents
- Low levels of skilled people as well as high levels of poverty and unemployment
- Lack of quality health and emergency services and facilities
- Lack of sufficient cemeteries to cater for the increasing mortality rate
- Proper planning and development of Opwag
- Lack of sport and recreation facilities in some of the areas
- Lack of sufficient and effective telecommunication systems
- Lack of electricity provision to some residential areas

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the 12 strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development to path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into twelve strategic priority areas as outlined below:

- Water and Sanitation
- Land and Housing
- Electricity
- Local Economic Development

- 
- Transport Roads and Storm water
  - Institutional development and financial viability
  - Waste Management Health and environment
  - Community participation and communication
  - Disaster management
  - Social development
  - Safety
  - Sports arts and culture

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes.

More emphasis was placed on area based interventions, within the overall holistic framework;

- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2015/16 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA4 – Reconciliation between the IDP strategic objectives and budgeted revenue

NC084 !Kheis - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

[illegible]

Table 24 MBRR Table SA5 – Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NC084 !Kheis - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand													
Basic and Sustainable Delivery	Water, cleaning services			4 477	4 629	3 938	7 090			5 838	6 130	6 436	
Municipal Infrastructure Development	Water, Public works, waste			30 669	4 196	12 542	3 995			8 460	8 883	9 328	
Local Economic Development	Community Services			210	168	–	–			2 448	2 571	2 699	
Municipal Finance Viability and Management	Finance			30 669	36 604	31 546	16 930			21 019	22 070	23 173	
Good Governance and Public Participation	Executive & Council			800	1 052	10 124	17 858			8 425	8 846	9 288	
Allocations to other priorities													
Total Expenditure				1	66 825	46 649	58 151	45 873	–	–	46 190	48 500	50 925



Table 25 MBRR Table SA6 – Reconciliation between the IDP strategic objectives and budgeted capital expenditure

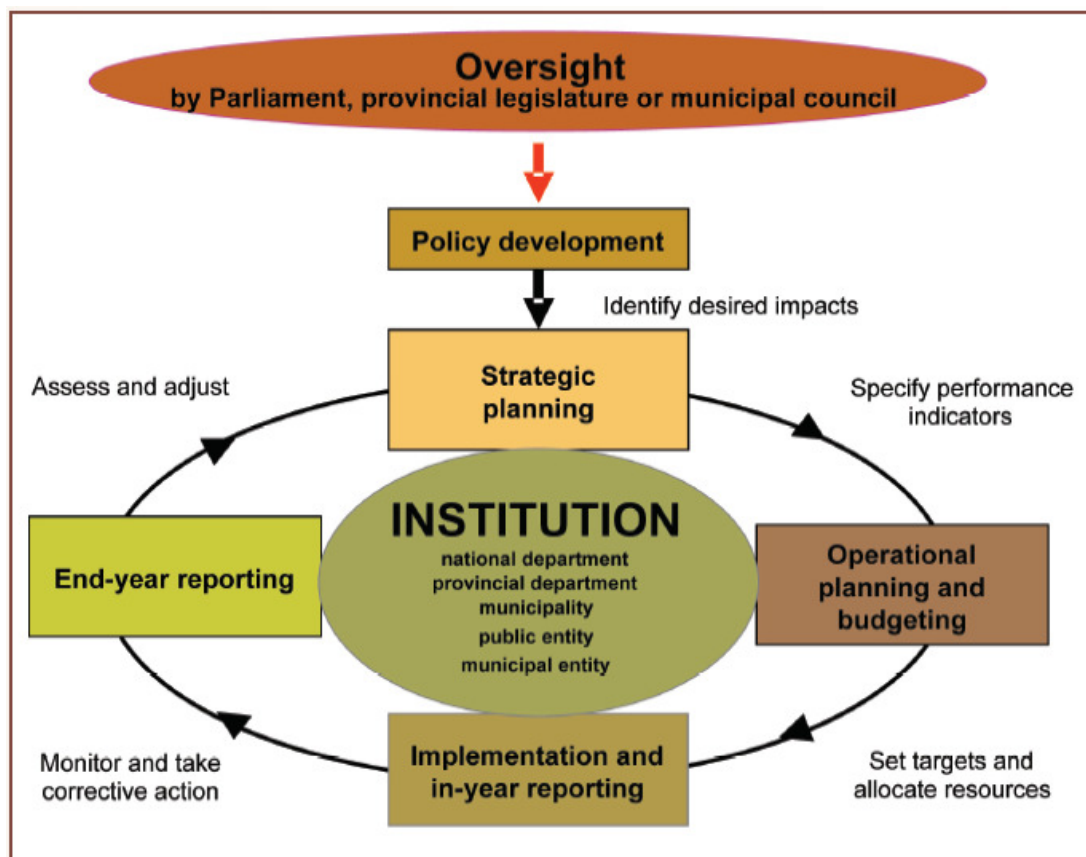
NC084 !Kheis - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand												
Infrastructure	Water	A	3									
Infrastructure	New Erven	B										
Infrastructure	Housing	C										
Infrastructure	Roads & Stormwater	D			5 504	5 824						
Infrastructure	Water & Water Waste Management	E		8 169	6 796	7 344	1 445		1 445			
Infrastructure	Public Works	F					1 300		1 300			
Infrastructure	Community and Social Services	G					1 000		1 000	2 000	2 100	2 205
Infrastructure	Sport and Recreation						–					
Sustainable Services	Water	I					7 726			10 671	11 204	11 764
Sustainable Services	Water & Water Waste Management	J								4 234	4 446	4 668
Good Governance	Financial Management	K					19 445					
Good Governance	Executive and Council	L										
Allocations to other priorities				3								
Total Capital Expenditure				1	8 169	12 300	13 168	30 917	–	3 745	16 905	17 750

### 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly to individual employee's performance.

At any time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

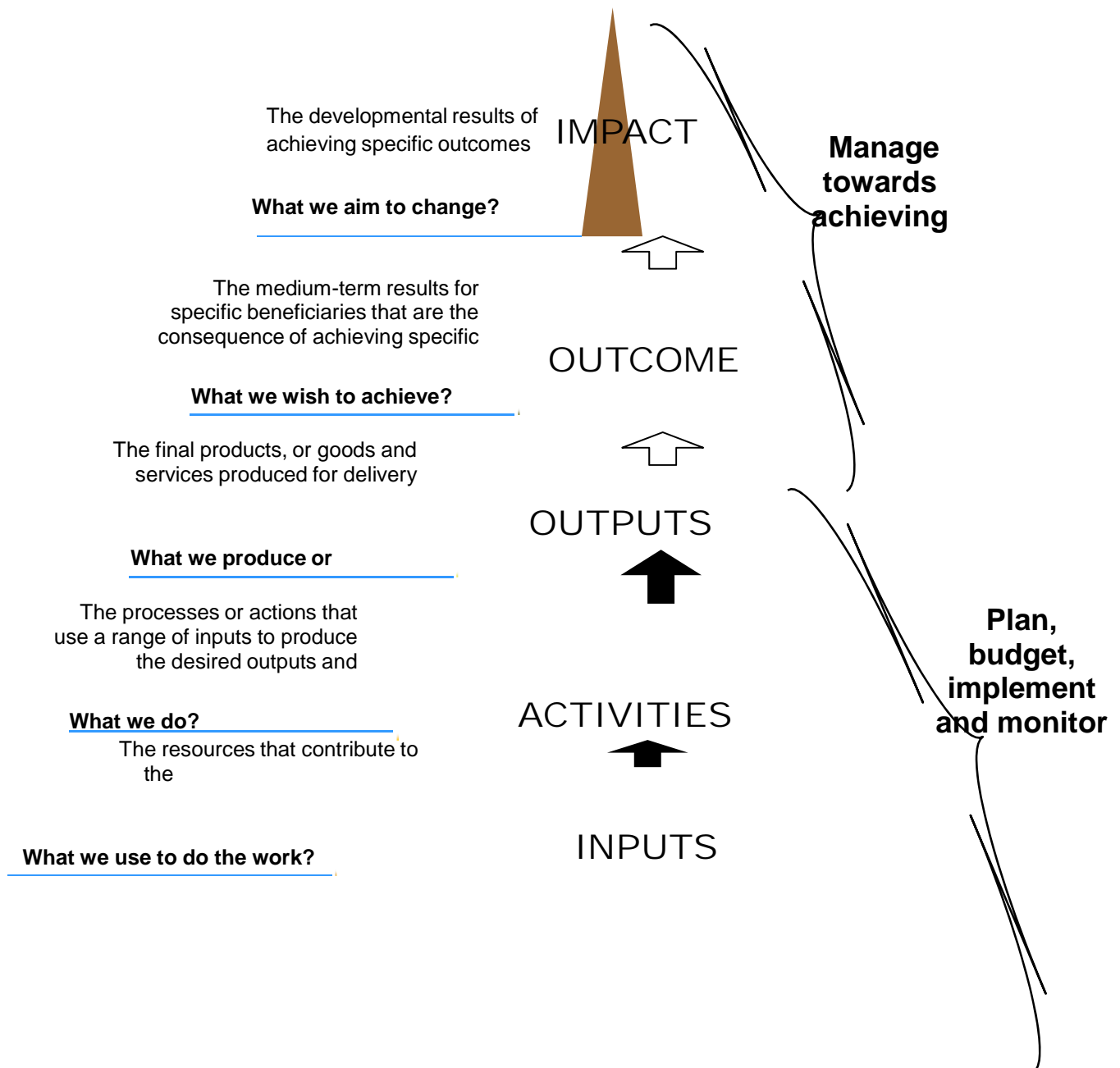


**Figure 1 Planning, Budgeting and reporting cycle**

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purposes); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury



## Figure 2 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

### Table 26 MBRR Table SA7 – Measurable Performance objectives

The information is not available at this stage and will be included after the approval of the SDBIP.

Table 27 MBRR Table SA8 – Performance indicators and benchmarks

[illegible]

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	Total Volume Losses (kℓ)										
Water Distribution Losses (2)	Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	35,7%	31,7%	41,9%	51,5%	3,1%	52,7%	0,0%	50,4%	50,4%	50,4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0,0%	0,0%	8,2%	6,5%	0,0%	6,7%		8,5%	8,5%	8,5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	5,7%	58,7%	52,6%	29,7%	0,0%	30,4%	0,0%	14,9%	14,9%	14,9%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	2,7	147,7	4,7	–	–	–	–	67,0	67,0	70,3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	63,8%	164,4%	146,8%	336,9%	0,0%	338,1%	0,0%	330,2%	330,2%	330,2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0,7	1,3	0,6	0,4	–	0,4	–	3,2	6,3	9,2

### 2.3.1 Performance indicators and benchmarks

#### 2.3.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, !Kheis Local municipality borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2015/16 MTREF:

- Borrowing to asset ratio is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio remains negligible because of the minimal amount of borrowing the municipality is carrying.
- Capital charges to operating expenditure are a measure of the cost borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily decreased. The cost of borrowing is expected to continue falling to below 1% over the MTREF as loans are repaid.
- Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

### **2.3.1.1 Safety of Capital**

- The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.

### **2.3.1.2 Liquidity**

- Current ratio is a measure of the current assets dividend by the current liabilities. For the 2015/2016 MTREF the current ratio is 0.6 and in the 2015/2016 budgeted financial year and for the two outer years of the MTREF it remains on 0.6 as to 1. Going forward it will be necessary to improve on this rate. This is below the benchmark ratio because of the excessive provision for bad debts that we are still going to review.
- The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations

### **2.3.1.3 Revenue Management**

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash flow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intension of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

### **2.3.1.4 Creditors Management**

The municipality strive to pay all creditors within the legislated 30 days of invoice. There is currently a dispute between the municipality

### **2.3.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. Only registered indigents qualify for the free basic services.

For the 2015/16 financial year more indigents have been provided for in the budget. In terms of the Municipality's indigent policy (attached as Annexure 4) registered households are entitled to 6kl free water, free sanitation and free waste removal equivalent to once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic service, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 24 MBRR A10 (Basic Service Delivery Measurement) .

NC084 !Kheis - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Household service targets</b>	1									
<u>Water:</u>										
Piped water inside dwelling		806			1 111			13 000	13 260	13 525
Piped water inside yard (but not in dwelling)		1 902		1 732	2 238			2 500	2 550	2 601
Using public tap (at least min.service level)	2	543		48	690			700	714	728
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		3 251	–	1 780	4 039	–	–	16 200	16 524	16 854
Using public tap (< min.service level)	3	200			250			300	306	312
Other water supply (< min.service level)	4	433		40	600			650	663	676
No water supply										
<i>Below Minimum Service Level sub-total</i>		633	–	40	850	–	–	950	969	988
Total number of households	5	3 884	–	1 820	4 889	–	–	17 150	17 493	17 843
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		1 312		1 214	1 312			1 500	1 530	1 561
Flush toilet (with septic tank)		584		888	702			800	816	832
Chemical toilet		5		703				–	–	–
Pit toilet (ventilated)		524		342	1 048			1 200	1 224	1 248
Other toilet provisions (> min.service level)		163			163			190	194	198
<i>Minimum Service Level and Above sub-total</i>		2 588	–	3 147	3 225	–	–	3 690	3 764	3 839
Bucket toilet		21								
Other toilet provisions (< min.service level)										
No toilet provisions		1 274								
<i>Below Minimum Service Level sub-total</i>		1 295	–	–	–	–	–	–	–	–
Total number of households	5	3 883	–	3 147	3 225	–	–	3 690	3 764	3 839
<u>Energy:</u>										
Electricity (at least min.service level)		2 377			2 377			2 400	2 448	2 497
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		2 377	–	–	2 377	–	–	2 400	2 448	2 497
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources		1 509			1 609			1 650	1 683	1 717
<i>Below Minimum Service Level sub-total</i>		1 509	–	–	1 609	–	–	1 650	1 683	1 717
Total number of households	5	3 886	–	–	3 986	–	–	4 050	4 131	4 214
<u>Refuse:</u>										
Removed at least once a week					1 924			1 950	1 989	2 029
<i>Minimum Service Level and Above sub-total</i>		–	–	–	1 924	–	–	1 950	1 989	2 029
Removed less frequently than once a week		16			16			20	20	21
Using communal refuse dump		101			101			110	112	114
Using own refuse dump		1 921			1 921			2 000	2 040	2 081
Other rubbish disposal								–	–	–
No rubbish disposal		90			90			100	102	104
<i>Below Minimum Service Level sub-total</i>		2 128	–	–	2 128	–	–	2 230	2 275	2 320
Total number of households	5	2 128	–	–	4 052	–	–	4 180	4 264	4 349



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<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		11			1 500			1 600	1 632	1 665
Sanitation (free minimum level service)		800			1 500			1 600	1 632	1 665
Electricity/other energy (50kwh per household per month)		811			1 500			1 600	1 632	1 665
Refuse (removed at least once a week)		811			1 500			1 600	1 632	1 665
<b>Cost of Free Basic Services provided (R'000)</b>	8							0	0	0
Water (6 kilolitres per household per month)								0	0	0
Sanitation (free sanitation service)								0	0	0
Electricity/other energy (50kwh per household per month)								0	0	0
Refuse (removed once a week)								0	0	0
Total cost of FBS provided (minimum social package)		–	–	–	–	–	–	0	0	0
<b>Highest level of free service provided</b>										
Property rates (R value threshold)					–			–		
Water (kilolitres per household per month)					6			6	7	7
Sanitation (kilolitres per household per month)					–			–	–	–
Sanitation (Rand per household per month)					25			26	28	29
Electricity (kwh per household per month)					50			53	56	58
Refuse (average litres per week)										
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)										
Property rates (other exemptions, reductions and rebates)										
Water					63			67	71	74
Sanitation					19			20	21	22
Electricity/other energy					30			32	34	35
Refuse					21			22	24	25
Municipal Housing - rental rebates					7			7	8	8
Housing - top structure subsidies	6									
Other										
Total revenue cost of free services provided (total social package)		–	–	–	141	–	–	149	157	165

### 2.3.3 Providing clean water and managing waste water

The municipality is the Water Service Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 90% of the municipality's bulk water needs are provided directly by Boegoeberg Water in the form of purified water.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Our blue Drop status was assessed as fair but our green drop status was not up to standard

The following is briefly the main challenges facing the municipality in this regard:

- Shortage of skilled personnel makes proper operations and maintenance difficult; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and Waste Water Division will embark on an in-house training programme, especially for operational personnel;

## 2.4 Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, framework, strategies and related policies.

### 2.4.1 Review of rates policy

The Rates Policy will be considered for approval by Council at the budget meeting of 28 June 2014. Amendments have been made with regard to the tariffs increases and the draft policy will be attached to that document. While the draft policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to accommodate all stakeholder views. Some of the possible revisions will include the need for full participation of relevant stakeholders when changing rebates on property rates every year. In addition the rebate structure is also likely to change to incorporate the views from the stakeholders.

### 2.4.2 Asset Management. Infrastructure Investment and Funding Policy

Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset maintenance was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

### 2.4.3 Budget Policy

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

It aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations. The Budget Policy was approved by Council in 2014/15.

#### **2.4.4 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in 2014/15 financial year. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on. The current policy can be located on the municipal website at [www.kheis.gov.za](http://www.kheis.gov.za).

#### **2.4.5 Cash Management and Investment Policy**

The municipality's Cash Management and Investment Policy, as approved in council is also under review. The aim of the policy is to ensure that the municipality's surplus cash and investments, where applicable, are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

#### **2.4.6 Tariff Policies**

The municipality's tariff policies (located at [www.kheis.gov.za](http://www.kheis.gov.za)) provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

#### **2.4.8 Financial Code Policy**

The Financial Code Policy has directly informed the compilation of the 2015/16 MTREF with the emphasis on affordability and long-term sustainability. Although we are busy reviewing the policy, its contents have been of significance in the preparation of the MTREF. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The financial planning outcomes are taken to Council and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2014/2015 Approved Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investments possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

The above policy together with those listed below will be made available on the municipality's website, as well as:

- Property Rates Policy;
- Budget Policy; and
- Indigents Policy.
- Tariff Policy
- Credit Control and Debt Collection Policy
- Financial Code Policy
- Asset Management Policy
- Cash Management and Investment Policy
- Borrowing Policy; and
- Supply Chain Management Policy

## 2.5 Overview of budget assumptions

### 2.5.1 External factors

South Africa's economy has continued to grow, but at a slower rate than projected at the time of the 2014 Budget. GDP growth reached 2.6 per cent in 2013 and is expected to grow at 2.8 per cent in 2014, rising to 3.8 per cent in 2015. Inflation has remained moderate, with consumer prices rising by 5.7 per cent in 2012 and projected to increase by an average of 5.6 per cent a year over the period ahead.

Consequently, municipal revenues and cash flows are expected to gradually improve during 2015/16. However, given that the likely recovery is not guaranteed and, at best, is likely to be slow, the municipality still had to adopt a conservative approach in projecting expected revenues and cash receipts. This has also applied to managing all revenue and cash streams effectively, as well as evaluation of the spending decision.

### 2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2015/16 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices of bulk and water; and
- The increase in the cost of remuneration. Employee related costs comprise 31.7% of total operating expenditure in the 2015/16 MTREF. The increase in employee related costs is at least within inflation levels at 6%. We have applied the guideline increase by National Treasury as contained in Circulars 74 and 75.

### 2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The current municipal loan book is based on fixed interest. Hence, the 2014/15 MTREF is based on all borrowings being undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments.

#### **2.5.4 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at varying rates at or above the CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecast term.

#### **2.5.5 Salary increases**

The National Treasury guide of (5.79 % + 1.00%) 6.79% increments has been applied across the board. CPI rates have been factored in for the two outer years of the MTREF.

#### **2.5.6 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skills development;
- Improving health service;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

#### **2.5.7 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 90 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2015/16 MTREF of which performance has been factored into the cash flow budget.

### **2.6 Overview of budget funding**

#### **2.6.1 Medium-term outlook: operating revenue**

The following table is a breakdown of the operating revenue over the medium-term:

Table 28 Breakdown of the operating revenue over the medium-term

NC084 !Kheis - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>										
<b>Revenue By Source</b>											
Property rates	2	1 129	1 513	1 781	3 165	221	3 385	–	3 354	3 522	3 698
Property rates - penalties & collection charges					166	(166)	–				
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	3 009	3 628	3 755	4 089	(25)	4 064	–	4 305	4 520	4 746
Service charges - sanitation revenue	2	2 979	1 533	1 669	1 679	78	1 757	–	1 717	1 803	1 893
Service charges - refuse revenue	2	–	2 071	2 269	2 298	292	2 590	–	2 435	2 557	2 685
Service charges - other											
Rental of facilities and equipment		496	719	479	514	(440)	74		545	573	601
Interest earned - external investments		161	216	140	41	19	60		44	46	48
Interest earned - outstanding debtors		775	1 839	–	1 707	(1 707)	–		176	185	194
Dividends received						–	–			–	–
Fines			2	185	14	–	14		4	4	5
Licences and permits				–	–	361	361		3	3	3
Agency services		(321)	–	–	930	–	930		986	1 036	1 087
Transfers recognised - operational		14 517	18 186	17 619	21 277	1 001	22 278		23 119	24 275	25 489
Other revenue	2	231	2 347	492	738	(479)	260	–	1 883	1 977	2 076
Gains on disposal of PPE			20	124							
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>22 976</b>	<b>32 073</b>	<b>28 511</b>	<b>36 620</b>	<b>(847)</b>	<b>35 773</b>	<b>–</b>	<b>38 572</b>	<b>40 501</b>	<b>42 526</b>

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a high per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and

- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2015/16 MTREF on the different revenue categories are:

Table 29 Proposed tariff increases over medium-term

Description	2015/16 Proposed tariff Increase
Property Rates	6%
Service Charges electricity	0%
Service charges water	6%
service charges sanitation	6%
service charges refuse	6%

Revenue to be generated from property rates is R3.1 million in the 2015/16 financial year and increases to R3.3 million by 2015/16 which represents 6% of the operating revenue base of the municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

Service charges relating to water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R8.457 million for the 2015/16 financial year and increasing to R8.880 million by 2016/17. Service charges amounts to 22% of the total revenue for 2015/16 financial year.

Operational grants and subsidies amount to R23 million, R24 million and R25 million for each of the respective financial years of the MTREF, or 57.8% of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing on the MTREF by 5 per cent for the two outer years.

The tables below provide detail investment information and investment particulars by maturity.

Table 30 MBRR SA15 – Detail Investment Information

NC084 !Kheis - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
<u>Parent municipality</u>	1									
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		669	673	1 200	660	660	660	660	702	747
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit – Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total		669	673	1 200	660	660	660	660	702	747
<u>Entities</u>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit – Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		–	–	–	–	–	–	–	–	–
Consolidated total:		669	673	1 200	660	660	660	660	702	747

Table 31 MBRR SA16 – Investment particulars by maturity

NC084 !Kheis - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission on Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
<b>Parent municipality</b>	1													
First National Bank		1 Year	Short Term		Fixed	5.05%			18 March 2016	600	30			630
First National Bank		1 Year	Short Term		Fixed	5.17%			24 February 2016	72	3			75
<b>Municipality sub-total</b>										672		-	-	705
<b>Entities</b>														
Entities sub-total										-		-	-	-
<b>TOTAL INVESTMENTS AND INTEREST</b>	1									672	33	-	-	705



## 2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2013/14 medium-term capital programme:

Table 32 Sources of capital revenue over the MTREF

NC084 !Kheis - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Funded by:</b>											
National Government		–	10 454								
Provincial Government		–	800								
District Municipality											
Other transfers and grants		–	1 210		19 560	(1 000)	18 560		16 905	17 750	18 638
Transfers recognised - capital	4	–	12 463	–	19 560	(1 000)	18 560	–	16 905	17 750	18 638
Public contributions & donations	5			(27 391)							
Borrowing	6										
Internally generated funds											
<b>Total Capital Funding</b>	<b>7</b>	<b>–</b>	<b>12 463</b>	<b>(27 391)</b>	<b>19 560</b>	<b>(1 000)</b>	<b>18 560</b>	<b>–</b>	<b>16 905</b>	<b>17 750</b>	<b>18 638</b>

The above table is graphically represented as follows for the 2015/16 financial year.

Capital grants and receipts equates to 100% of the total funding source which represents R16.9 million for the 2015/16 financial year. Movement relating to grants receipts is a decline of 13.57% from 2013/2014 financial year due to the fact that two capital projects had been declined by MIG, because of the technical specifications.

Borrowing still remains an insignificant funding source for the capital programme over the medium-term with no new borrowing during the MTREF.

The following table is a detailed analysis of the municipality's borrowing liability.

Table 33 MBRR Table SA 17 – Detail of borrowings

NC084 !Kheis - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)		1 726	3 237	3 237	2 891	2 891	2 891	532		
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases		1 972		1 761	1 664	1 664	1 664	1 322	1 441	1 571
PPP liabilities										
Other Securities										
<b>Municipality sub-total</b>	<b>1</b>	<b>3 698</b>	<b>3 237</b>	<b>4 998</b>	<b>4 555</b>	<b>4 555</b>	<b>4 555</b>	<b>1 855</b>	<b>1 441</b>	<b>1 571</b>

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Table 34 MBRR Table SA 18 – Capital transfers and grants receipts[illegible]

Other grant providers:		–	6 201	–	–	–	–	–	–	–
National Lottery			6 201							
Total Capital Transfers and Grants	5	12 234	21 071	14 168	19 560	–	19 560	16 905	17 750	18 638
TOTAL RECEIPTS OF TRANSFERS & GRANTS		28 726	39 570	33 939	40 837	–	40 837	40 024	42 025	44 127

### 2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium- term. The table below is consistent with international standards of good financial management practice and also improves councillors and management's ability to understand the cash flow management. Some specific features include:

- Clear separation of receipts payments within each cash flow category:
- Clear separation of capital and operating receipts from government, which also enables cash from ‘Ratepayers and other’ to be provide for as cash inflow based on actual performance. In other words the actual collection rate of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 35 MBRR Table – Budgeted cash flow statement

NC084 !Kheis - Table A7 Budgeted Cash Flows

[illegible]

## 2015/16 MTREF Budget 81

The above table shows that cash and cash equivalent of the municipality are anticipated to be comfortable for 2015/2016 budgeted financial year showing a balance 1.5 million due to the anticipated decrease in debtors as a result of the measures being taken to collect debts from consumer debtors. The municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions are expected to translate into positive cash flows and ultimately an improvement on the cash position for the municipality

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected)

NC084 !Kheis - Table A8 Cash backed reserves/accumulated surplus reconciliation

[illegible]

## !Kheis Local Municipality

2015/16 MTREF Budget 82

Cash and investments available:		-	3 316	3 282	660	-	660	-	660	693	728
<b>Application of cash and investments</b>											
Unspent conditional transfers		1 079	-	-	5 158	-	5 158	-	2 138	2 245	2 358
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	3 279	2 748	1 542	(3 613)	-	(4 766)	-	(34 298)	(36 013)	(37 815)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		4 358	2 748	1 542	1 545	-	392	-	(32 160)	(33 768)	(35 457)
<b>Surplus(shortfall)</b>		(4 358)	569	1 740	(885)	-	268	-	32 820	34 461	36 185

From the above table it can be seen that the cash and investments availability total R660 thousand in the 2015/16 financial year and grows to R 693 thousand by 2016/17, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investment Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipts delays will have a greater requirement for working capital, as was experienced by the municipality in 2012/13 resulting in cash flow challenges. Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its financial obligations.

It can be concluded that the municipality focused to have a surplus against the cash backed and accumulated surpluses reconciliation. The challenge for the municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

## 2.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 37 MBRR SA10 – Funding compliance measurement**

NC084 !Kheis Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Funding measures</b>	-	-										
Cash/cash equivalents at the year end - R'000	18(1)b	1	1 736	1 658	1 641	1 097	–	1 097	–	10 357	21 233	32 652
Cash + investments at the yr end less applications - R'000	18(1)b	2	(4 358)	569	1 740	(885)	–	268	–	32 820	34 461	36 185
Cash year end/monthly employee/supplier payments	18(1)b	3	0,7	1,3	0,6	0,4	–	0,4	–	3,2	6,3	9,2
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	1 709	8 879	(10 121)	21	(2 184)	(2 163)	–	(0)	(0)	(0)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	16,9%	2,3%	14,3%	(102,5%)	2847,2%	(106,0%)	2851,2%	(1,0%)	(1,0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	63,6%	19,9%	78,1%	20,7%	0,0%	23,6%	0,0%	98,9%	98,9%	98,9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	209,7%	0,0%	136,4%	43,2%	0,0%	41,8%	0,0%	44,2%	44,2%	44,2%
Capital payments % of capital expenditure	18(1)c;19	8	0,0%	100,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0,0%	0,0%	0,0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	220,3%	(6,1%)	174,7%	(100,0%)	0,0%	(100,0%)	0,0%	5,0%	5,0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0,0%	0,0%	1,7%	4,5%	0,0%	4,5%	0,0%	2,2%	2,2%	2,2%
Asset renewal % of capital budget	20(1)(vi)	14	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

**2.6.4.1 Cash/ cash equivalent position**

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements

**Cash plus investments less application of funds**

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 22. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

**Monthly average payments covered by cash or cash equivalents**

The purpose of this measure is to understand the level of financial risk should the municipality be under financial stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected

disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been strengthening for the period 2009/10 to 2015/2016.

### **Surplus/deficit excluding depreciation offsets**

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2015/16 MTREF the indicative outcome is a deficit of R 5 764, which will be funded through the capitalisation of depreciation on new assets as well revaluation of assets.

#### **2.6.4.2 Property Rates/service charge revenue as a percentage increase less macro inflation target**

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase. The result is intended to be an approximation of the real increase in revenue.

#### **2.6.4.3 Cash receipts as a percentage of ratepayers and other revenue**

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 60% for 2015/2016 and it improves by 1 per cent in the outer two financial years. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### **2.6.4.4 Capital payments percentage of capital expenditure**

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It forecasted that all capital payments will be paid within the legislative requirement that creditors be paid within 30 days.

#### **2.6.4.5 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)**

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0per cent of own funded capital, as there are intensions to obtain any borrowing. Transfers/grants revenue as a percentage of Government transfers/grants available

#### **2.6.4.6 Transfers/grants revenue as a percentage of Government transfers/grants available**

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

#### **2.6.4.7 Consumer debtors change (Current and Non-current)**

The purposes of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. The table above shows no change in non-current as those older than a year have been impaired.

#### **2.6.4.8 Repairs and Maintenance expenditure level**

This measure must be considered important within the context of the funding measures criteria because a trend that indicate insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

Details of the municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 48 MBRR SA34C .

#### **2.6.4.9 Asset renewal/rehabilitation expenditure level**

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/ or sustainable and future revenue is not being protected, similar to the justification for 'repairs and



maintenance' budgets. Further details in this regard are contained in Table 47 MBRR SA34b.

## 2.7 Expenditure on grants and reconciliation of unspent funds

Table 38 MBRR SA19 – Expenditure on transfers and grant programmes

NC084 !Kheis - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>										
<b>EXPENDITURE:</b>	1									
- <u>Operating expenditure of Transfers and Grants</u>										
National Government:		15 947	18 152	19 439	20 697	-	20 697	22 502	23 627	24 808
Local Government Equitable Share		13 707	15 852	16 899	17 963		17 963	19 697	20 682	21 716
<b>FMG/ MSIG</b>		2 240	2 300	2 540	2 734		2 734	2 805	2 945	3 093
Provincial Government:		323	347	332	580	-	580	617	-	-
Sport and Recreation		323	347	332	580		580	617		
<b>Cogsta</b>										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Total operating expenditure of Transfers and Grants:</b>		16 270	18 499	19 771	21 277	-	21 277	23 119	23 627	24 808
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		12 098	13 870	13 168	18 560	-	18 560	16 905	17 750	18 638
Municipal Infrastructure Grant (MIG)		12 098	13 870	13 168	15 992		15 992	12 485	13 109	13 765
Regional Bulk Infrastructure					2 568		2 568	4 420	4 641	4 873
<b>DWAF/ EESDM</b>										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert description]</i>										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>National Lottery</i>										
<b>Total capital expenditure of Transfers and Grants</b>		12 098	13 870	13 168	18 560	-	18 560	16 905	17 750	18 638
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		28 368	32 369	32 939	39 837	-	39 837	40 024	41 377	43 446

### Working Table SA20 Reconciliation of transfers, grant receipts and unspent funds

[illegible]

## !Kheis Local Municipality

2015/16 MTREF Budget 89

Total capital transfers and grants revenue		8 208	13 756	14 168	14 402	–	14 402	16 905	17 750	18 638
Total capital transfers and grants - CTBM	2	682	–	–	–	–	–	–	–	–
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		<b>22 532</b>	<b>30 274</b>	<b>33 939</b>	<b>35 679</b>	<b>–</b>	<b>35 679</b>	<b>40 024</b>	<b>42 025</b>	<b>44 127</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		<b>682</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

## 2.8 Councillor and employee benefits

Table 40 MBRR SA22 – Summary of councillor and staff benefits

NC084 !Kheis - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
-	1	A	B	C	D	E	F	G	H	I
<b><u>Councillors (Political Office Bearers plus Other)</u></b>										
Basic Salaries and Wages		1 210	1 190	1 248	1 526		1 526	1 731	1 817	1 908
Pension and UIF Contributions		60					–			
Medical Aid Contributions		25					–			
Motor Vehicle Allowance			397	416	416		416	473	497	521
Cellphone Allowance		91	91	95	95		95	102	107	112
Housing Allowances							–			
Other benefits and allowances		360								
<b>Sub Total - Councillors</b>		<b>1 746</b>	<b>1 678</b>	<b>1 759</b>	<b>2 037</b>	<b>–</b>	<b>2 037</b>	<b>2 305</b>	<b>2 421</b>	<b>2 542</b>
% increase	4		(3,9%)	4,8%	15,8%	(100,0%)	–	13,2%	5,0%	5,0%
<b><u>Senior Managers of the Municipality</u></b>	2									
Basic Salaries and Wages		943	1 108	1 615	1 718		1 718	2 347	2 465	2 588
Pension and UIF Contributions		62	100	284	302		302	423	444	466
Medical Aid Contributions			28				–		–	–
Overtime							–		–	–
Performance Bonus							–	196	205	216
Motor Vehicle Allowance	3		346	436	464		464	822	863	906
Cellphone Allowance	3		24	26	28		28	32	34	35
Housing Allowances	3	322	10				–		–	–
Other benefits and allowances	3						–	8	8	8
Payments in lieu of leave							–			
Long service awards							–			
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Municipality</b>		<b>1 327</b>	<b>1 616</b>	<b>2 361</b>	<b>2 512</b>	<b>–</b>	<b>2 512</b>	<b>3 826</b>	<b>4 018</b>	<b>4 219</b>
% increase	4		21,8%	46,1%	6,4%	(100,0%)	–	52,3%	5,0%	5,0%
<b><u>Other Municipal Staff</u></b>										
Basic Salaries and Wages		4 600	5 177	8 618	10 509		10 509	12 324	12 940	13 587
Pension and UIF Contributions		771	787	1 384	1 717		1 717	2 136	2 243	2 355
Medical Aid Contributions			34	136	158		158	221	232	243
Overtime		21	29	91	104		104	104	109	115
Performance Bonus		372			–		–	928	974	1 023
Motor Vehicle Allowance	3	481	181	660	1 092		1 092	461	484	508
Cellphone Allowance	3		30	77	103		103	48	50	53



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% increase	4		-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		9 482	9 878	15 475	18 622	-	18 622	22 566	23 695	24 879
% increase	4		4,2%	56,7%	20,3%	(100,0%)	-	21,2%	5,0%	5,0%
TOTAL MANAGERS AND STAFF	5,7	7 736	8 200	13 716	16 585	-	16 585	20 261	21 274	22 338

Table 41 MBRR SA23 – Salaries, allowances and benefits (political office bearers/councillors/senior managers

**NC084 !Kheis - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)**

[illegible]

								-
								-
								-
								-
								-
								-
								-
								-
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	12	4 077 869	430 009	1 428 416	195 606		6 131 900



**Table 42 MBRR SA24 – Summary of personnel numbers**

NC084 !Kheis - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2012/13			Current Year 2013/14			Budget Year 2015/16		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		7			7			7		7
Board Members of municipal entities	4				–					
Municipal employees	5									
Municipal Manager and Senior Managers	3	13	5	3	4		1	5	4	1
Other Managers	7				4	4		7	7	
Professionals		–	–	–	–	–	–	–	–	–
Finance										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Technicians		–	–	–	77	57	20	76	65	5
Finance					28	19	5	33	28	5
Information Technology										
Roads										
Electricity					1		1	1	1	
Water					24	14	14	26	26	
Sanitation					5	5		12	12	
Refuse					12	12		12	12	
Other					7	7		6	6	
Clerks (Clerical and administrative)		38	38		9	9		8	8	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		9	9							
Elementary Occupations		18	18		10	10				
<b>TOTAL PERSONNEL NUMBERS</b>	9	85	70	3	111	80	21	117	104	13
% increase					30.6%	14.3%	600.0%	5.4%	3.0%	(38.1%)
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

## 2.9 Contracts having future budgetary implications

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium- term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Budget and Treasury Office.

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

NC084 !Kheis - Supporting Table SA34a Capital expenditure on new assets by asset class

[illegible]

## !Kheis Local Municipality

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Buildings	9										
Other											
<u>Investment properties</u>		-	-	-	-	-	-	-	-	-	
Housing development											
Other											
<u>Other assets</u>	10	3 027	8 318	-	-	-	-	-	-	-	
General vehicles											
Specialised vehicles		-	-	-	-	-	-	-	-	-	
Plant & equipment											
Computers - hardware/equipment											
Furniture and other office equipment		3 027	8 318								
Abattoirs											
Markets											
Civic Land and Buildings											
Other Buildings											
Other Land											
Surplus Assets - (Investment or Inventory)											
Other											
<u>Agricultural assets</u>			-	-	-	-	-	-	-	-	-
<i>List sub-class</i>											
<u>Biological assets</u>		-	-	-	-	-	-	-	-	-	
<i>List sub-class</i>											
<u>Intangibles</u>		-	67	-	-	-	-	-	-	-	
Computers - software & programming											
<i>Other (list sub-class)</i>			67								
Total Capital Expenditure on new assets	1	13 679	12 463	16 293	19 560	-	19 560	16 905	17 750	18 638	

[illegible]

Table 44 MBRR SA34b – Capital expenditure on the renewal of existing assets by asset class

Table 45 MBRR SA34c – Repairs and maintenance expenditure by asset class

NC084 !Kheis - Supporting Table SA34c Repairs and maintenance expenditure by asset class

[illegible]

## !Kheis Local Municipality

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Housing development										
Other										
<b>Other assets</b>		-	-	1 160	-	-	-	-	-	-
General vehicles				407						
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment				462						
Computers - hardware/equipment										
Furniture and other office equipment				250						
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings				25						
Other Land										
Surplus Assets - (Investment or Inventory)										
Other				16						
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other ( <i>list sub-class</i> )										
<b>Total Repairs and Maintenance Expenditure</b>	1	-	-	2 342	2 385	-	2 385	3 297	3 462	3 635
<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
<b>R&amp;M as a % of PPE</b>		0,0%	0,0%	1,7%	4,5%	0,0%	4,5%	2,2%	2,2%	2,2%
<b>R&amp;M as % Operating Expenditure</b>		0,0%	0,0%	4,0%	4,2%	0,0%	4,1%	5,9%	5,9%	5,9%

Table 46 MBRR SA36 – Detailed capital budget per municipal vote

NC084 !Kheis - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	R e f	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2015/16 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2015/16	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>																
Infrastructure Sanitation		UDS Toilets				Infrastructure - Sanitation				4 496	734	4 516	4 805	5 113	All wards	New
Infrastructure Sanitation		2 Sewerage removal Trucks				Infrastructure - Sanitation				2 300					All wards	New
Infrastructure Sanitation		Oxidation Pond														
		Oxidation Pond Sewerage treatment														
Community Sport Fields		Sport Fields								3 870					Ward 2	New
Roads		Sport Fields														
		Sport Fields								365	365				Ward 3	New
		Sport Fields														
Infrastructure Roads		Upgrading of access roads and streets				Infrastructure - Road transport				5 504	5 824	1 059	1 127	1 199	Ward 3	New
Other furniture and equipment		Furniture and equipment				Infrastructure - Other										
Other Erven		Erven														
Other Land		Upgrading of Municipal Buildings								1 000	1 000				All wards	Renewal
Other Land		60 Houses														
												10 834	10 682			
Parent Capital expenditure	1											15 409	15 614	5 311		
Entities: <i>List all capital projects grouped by Entity</i>																
Entity A																
Water project A																
Entity B																
Electricity project B																
Entity Capital expenditure										-	-	-	-	-		
Total Capital expenditure										17 535	7 923	15 409	16 614	5 311		

## 2.11 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### **1. In year reporting**

Reporting to National Treasury in electronic format has seen a marginal improvement since the turn of the year. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes quarterly published financial performance on the municipality's website.

### **2. Internship Programme**

The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns, undergoing training in various divisions of the Budget and Treasury Office, as well as other divisions in the finance department. There are currently no vacancies for financial internship. The current interns had only be appointed during December 2013, after the former interns had been permanently employed in the finance department. At March 2013 one financial intern successfully completed her internship and the other two will complete their internship in October 2013.

### **3. Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA.

### **4. Audit Committee**

The Audit Committee is established but is currently non-functional

### **5. Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements.

### **6. MFMA Training**

The MFMA training module in electronic format is presented at the municipality and training is going.

### **7. Policies**

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.



The municipality's Property Rates Policy has also been reviewed to take into account views from stakeholders and other similar Forums. Other budget related policies in existence include the following:

- Budget Policy;
- Indigents Policy.
- Tariff Policy
- Credit Control and Debt Collection Policy
- Financial Code Policy
- Cash Management and Investment Policy; and
- Borrowing Policy

## 2.12 Other supporting documents

Table 47 MBRR SA1 – Supporting detail to budgeted financial performance

NC084 !Kheis - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
<b>REVENUE ITEMS:</b>											
<u>Property rates</u>	6										
Total Property Rates		1 129	1 513	1 781	3 165	221	3 385		3 354	3 522	3 698
<i>less Revenue Foregone</i>											
Net Property Rates		1 129	1 513	1 781	3 165	221	3 385	–	3 354	3 522	3 698
<u>Service charges - electricity revenue</u>	6										
Total Service charges - electricity revenue											
<i>less Revenue Foregone</i>											
Net Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–
<u>Service charges - water revenue</u>	6										
Total Service charges - water revenue		3 009	3 628	3 755	4 089	(25)	4 064		4 305	4 520	4 746
<i>less Revenue Foregone</i>											
Net Service charges - water revenue		3 009	3 628	3 755	4 089	(25)	4 064	–	4 305	4 520	4 746
<u>Service charges - sanitation revenue</u>											
Total Service charges - sanitation revenue		2 979	1 533	1 669	1 679	78	1 757		1 717	1 803	1 893
<i>less Revenue Foregone</i>											
Net Service charges - sanitation revenue		2 979	1 533	1 669	1 679	78	1 757	–	1 717	1 803	1 893
<u>Service charges - refuse revenue</u>	6										
Total refuse removal revenue			2 071	2 269	2 298	292	2 590		2 435	2 557	2 685
Total landfill revenue											
<i>less Revenue Foregone</i>											
Net Service charges - refuse revenue		–	2 071	2 269	2 298	292	2 590	–	2 435	2 557	2 685
<u>Other Revenue by source</u>											
<i>List other revenue by source</i>		231	2 347	492	738	(479)	260		1 883	1 977	2 076

[illegible]

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[illegible]

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Total 'Other' Expenditure	1	5 008	8 594	15 418	13 592	1 303	14 895	–	16 496	17 320	18 186

Repairs and Maintenance by Expenditure Item	8										
Employee related costs		8 195	10 155	11 956	–						
Other materials		711	718	1 851	3 063				3 297	3 462	3 635
Contracted Services											
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	8 906	10 873	13 807	3 063	–	–	–	3 297	3 462	3 635

Table 48 MBRR SA3 – Supporting detail to statement of financial position

NC084 !Kheis - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
<b>ASSETS</b>											
<u>Call investment deposits</u>											
Call deposits < 90 days			1 658	1 641	660		660		660	693	728
Other current investments > 90 days											
Total Call investment deposits	2	–	1 658	1 641	660	–	660	–	660	693	728
<u>Consumer debtors</u>											
Consumer debtors		4 857	13 419	8 733	44 459		44 459		46 021	48 323	50 739
<u>Less: Provision for debt impairment</u>					(4 326)		(4 326)		(5 222)	(5 483)	(5 757)
Total Consumer debtors	2	4 857	13 419	8 733	40 133	–	40 133	–	40 800	42 840	44 982
<u>Debt impairment provision</u>											
Balance at the beginning of the year			5 315	19 466	5 430		5 430		4 326	4 542	4 769
Contributions to the provision			3 690	12 851	4 326		4 326		5 222	5 483	5 757
Bad debts written off									5 003	5 253	5 515
Balance at end of year		–	9 005	32 317	9 756	–	9 756	–	14 550	15 278	16 041
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		150 540	146 500	146 551	98 030		98 030		155 294	163 058	171 211
Leases recognised as PPE									2 204	2 314	2 430
<u>Less: Accumulated depreciation</u>		8 914	7 242	7 648	44 942		44 942		10 899	11 444	12 016
Total Property, plant and equipment (PPE)	2	141 626	139 258	138 903	53 088	–	53 088	–	146 599	153 929	161 625

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## 2015/16 MTREF Budget 82

LIABILITIES <u>Current liabilities - Borrowing</u> Short term loans (other than bank overdraft)  Current portion of long-term liabilities  Total Current liabilities - Borrowing  <u>Trade and other payables</u> Trade and other creditors Unspent conditional transfers VAT Total Trade and other payables  <u>Non current liabilities - Borrowing</u> Borrowing Finance leases (including PPP asset element) Total Non current liabilities - Borrowing  <u>Provisions - non-current</u> Retirement benefits <i>List other major provision items</i> Refuse landfill site rehabilitation Other Total Provisions - non-current		2										
			315	728	1 180	862		862		521	547	574
			315	728	1 180	862	-	862	-	521	547	574
			6 367	5 833	12 423	4 688		4 688		6 036	6 338	6 654
			1 079		-	5 158		5 158		2 138	2 245	2 358
			7 446	5 833	12 423	9 846	-	9 846	-	8 174	8 583	9 012
			2 184	2 158	2 204							
			2 385	-	-							
			4 569	2 158	2 204	-	-	-	-	-	-	-
			2 881		2 881							
	1 103	2 817										
-	1 103	2 817	2 881	-	2 881	-	-	-	-			
CHANGES IN NET ASSETS <u>Accumulated Surplus/(Deficit)</u> Accumulated Surplus/(Deficit) - opening balance GRAP adjustments Restated balance Surplus/(Deficit) Appropriations to Reserves Transfers from Reserves Depreciation offsets Other adjustments Accumulated Surplus/(Deficit) <u>Reserves</u> Housing Development Fund Capital replacement Self-insurance Other reserves Revaluation Total Reserves		1										
			52 331	133 096	52 576	146 721		146 721		136 600	143 430	150 602
			52 331	133 096	52 576	146 721	-	146 721	-	136 600	143 430	150 602
			1 709	8 879	(10 121)	21	(2 184)	(2 163)	-	(0)	(0)	(0)
			3 976									
										1 000	1 050	1 103
			58 016	141 975	42 455	146 742	(2 184)	144 558	-	137 600	144 480	151 704
-	-	-	-	-	-	-	-	-	-			
TOTAL COMMUNITY WEALTH/EQUITY		2	58 016	141 975	42 455	146 742	(2 184)	144 558	-	137 600	144 480	151 704

Total capital expenditure includes expenditure on nationally significant priorities:

Total capital expenditures include expenditures on nationally significant provision.									
Provision of basic services									

Table 49 MBRR SA25 - Budgeted monthly revenue and expenditure

NC084 !Kheis - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>	-															
Property rates		2 885	43	43	43	43	43	43	43	43			128	3 354	3 522	3 698
Property rates - penalties & collection charges													-	-	-	-
Service charges - electricity revenue													-	-	-	-
Service charges - water revenue		295	303	347	429	357	348	458	487	473			809	4 305	4 520	4 746
Service charges - sanitation revenue		166	164	164	390	165	163	164	164	164			13	1 717	1 803	1 893
Service charges - refuse revenue		231	231	228	228	228	228	228	228	228			375	2 435	2 557	2 685
Service charges - other													-	-	-	-
Rental of facilities and equipment		44	45	47	46	46	45	44	43	44			142	545	573	601
Interest earned - external investments		15			16			15					(3)	44	46	48
Interest earned - outstanding debtors													176	176	185	194
Dividends received													-	-	-	-
Fines		4											1	4	4	5
Licences and permits		3											0	3	3	3
Agency services		141	121	117	77	147	95	97	97	86			8	986	1 036	1 087
Transfers recognised - operational		8 909	26	934	290	6 982				4 866			1 112	23 119	24 275	25 489
Other revenue		65	317	223	221	117	146	351	72	94			278	1 883	1 977	2 076
Gains on disposal of PPE													-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		12 757	1 250	2 102	1 739	8 085	1 068	1 401	1 135	5 998	-	-	3 039	38 572	40 501	42 526
<b>Expenditure By Type</b>	-															
Employee related costs		979	1 028	1 155	1 474	1 487	1 174	1 170	1 156	1 547			8 264	19 434	20 405	21 426

!Kheis Local Municipality												2015/16 Budget and MTREF				
Remuneration of councillors		81	111	164	189	119	166	128	119	125			1 103	2 305	2 421	2 542
Debt impairment		181			181			181					4 679	5 222	5 483	5 757
Depreciation & asset impairment													5 136	5 136	5 393	5 662
Finance charges		138	70	70	70	71	70	70	70	70			(83)	616	647	679
Bulk purchases		25	9	21	26	6	6	42	14	43			760	953	1 001	1 051
Other materials													3 297	3 297	3 462	3 635
Contracted services													–	–	–	–
Transfers and grants		79	88	79	83	86	88	86	93	103			1 236	2 019	2 120	2 226
Other expenditure		6 499	1 161	1 778	716	1 665	1 112	732	1 393	342			1 098	16 496	17 320	18 186
Loss on disposal of PPE													–	–	–	–
Total Expenditure		7 981	2 468	3 267	2 739	3 433	2 616	2 409	2 845	2 230	–	–	25 490	55 477	58 251	61 164
Surplus/(Deficit)		4 776	(1 218)	(1 165)	(1 000)	4 652	(1 548)	(1 008)	(1 710)	3 768	–	–	(22 452)	(16 905)	(17 750)	(18 638)
Transfers recognised - capital		4 162		1 473		4 162	1 473		1 473	4 162			0	16 905	17 750	18 638
Contributions recognised - capital													–	–	–	–
Contributed assets													–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		8 937	(1 218)	308	(1 000)	8 813	(75)	(1 008)	(237)	7 930	–	–	(22 452)	(0)	(0)	(0)
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	8 937	(1 218)	308	(1 000)	8 813	(75)	(1 008)	(237)	7 930	–	–	(22 452)	(0)	(0)	(0)

Table 50 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

NC084 !Kheis - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description  R thousand	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Revenue by Vote</u>	-															
Vote 1 - OFFICE OF THE MUNICIPAL MANAGER													-	-	-	-
Vote 2 - DIRECTORATE: CORPORATE SERVICES			8	309			309			12			6	643	675	709
Vote 3 - DIRECTORATE: FINANCIAL SERVICES													39 871	39 871	41 864	43 958
Vote 4 - DIRECTORATE: TECHNICAL SERVICES													-	-	-	-
Vote 5 - CLEANING SERVICES		300				300				400			3	1 003	1 053	1 106
Vote 6 - WASTE MANAGEMENT		351	351	351	351	351	351	351	351	351	351		706	4 216	4 426	4 648
Vote 7 - COUNCIL													-	-	-	-
Vote 8 - WATER MANAGEMENT		370	370	2 620	370	370	370	370	2 570	370	370		604	8 755	9 192	9 652
Vote 9 - DIRECTORATE: COMMUNITY SERVICES													-	-	-	-
Vote 10 - TRAFFIC SERVICES		83	83	83	83	83	83	83	83	83	83		165	991	1 040	1 092
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
<b>Total Revenue by Vote</b>		<b>1 104</b>	<b>812</b>	<b>3 362</b>	<b>804</b>	<b>1 104</b>	<b>1 112</b>	<b>804</b>	<b>3 004</b>	<b>1 216</b>	<b>804</b>	<b>-</b>	<b>41 354</b>	<b>55 477</b>	<b>58 251</b>	<b>61 164</b>
<u>Expenditure by Vote to be appropriated</u>	-															
Vote 1 - OFFICE OF THE MUNICIPAL MANAGER		0	0	0	0	0	0	0	0	0	0		1 735	1 737	1 824	1 915
Vote 2 - DIRECTORATE: CORPORATE SERVICES		1	1	1	1	1	1	1	1	1	1		6 325	6 330	6 647	6 979
Vote 3 - DIRECTORATE: FINANCIAL SERVICES		18	18	18	18	18	18	18	18	18	18		20 844	21 019	22 070	23 173
Vote 4 - DIRECTORATE: TECHNICAL SERVICES						0	0	0					1 645	1 647	1 729	1 815



!Kheis Local Municipality		0	0	0	0			0	0	0		2015/16 Budget and MTREF				
Vote 5 - CLEANING SERVICES		0	0	0	0	0	0	0	0	0		5 833	5 838	6 130	6 436	
Vote 6 - WASTE MANAGEMENT		0	0	0	0	0	0	0	0	0		4 528	4 532	4 759	4 997	
Vote 7 - COUNCIL		1	1	1	1	1	1	1	1	1		8 418	8 425	8 846	9 288	
Vote 8 - WATER MANAGEMENT		1	1	1	1	1	1	1	1	1		8 453	8 460	8 883	9 328	
Vote 9 - DIRECTORATE: COMMUNITY SERVICES		0	0	0	0	0	0	0	0	0		2 446	2 448	2 571	2 699	
Vote 10 - TRAFFIC SERVICES		0	0	0	0	0	0	0	0	0		804	805	845	887	
Vote 11 - [NAME OF VOTE 11]												-	-	-	-	
Vote 12 - [NAME OF VOTE 12]												-	-	-	-	
Vote 13 - [NAME OF VOTE 13]												-	-	-	-	
Vote 14 - [NAME OF VOTE 14]												-	-	-	-	
Vote 15 - [NAME OF VOTE 15]												-	-	-	-	
Total Expenditure by Vote		21	21	21	21	21	21	21	21	21	-	61 032	61 241	64 303	67 518	
Surplus/(Deficit) before assoc.		1 083	791	3 341	783	1 083	1 091	783	2 983	1 195	783	-	(19 679)	(5 763)	(6 051)	(6 354)
Taxation												-	-	-	-	
Attributable to minorities												-	-	-	-	
Share of surplus/ (deficit) of associate												-	-	-	-	
Surplus/(Deficit)	1	1 083	791	3 341	783	1 083	1 091	783	2 983	1 195	783	-	(19 679)	(5 763)	(6 051)	(6 354)

Table 51 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

NC084 !Kheis - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>																
<u>Revenue - Standard</u>	-															
<i>Governance and administration</i>		5 693	113	113	113	113	113	113	113	113	113	113	31 010	37 833	40 254	42 830
Executive and council													-	-	-	-
Budget and treasury office		3 985	113	113	113	113	113	113	113	113	113	113	29 553	34 668	36 887	39 247
Corporate services		1 708											1 457	3 165	3 367	3 583
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	3 973	3 973	4 227	4 497
Community and social services													3 973	3 973	4 227	4 497
Sport and recreation													-	-	-	-
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	934	934	994	1 058
Planning and development													-	-	-	-
Road transport													934	934	994	1 058
Environmental protection													-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	8 066	8 066	8 582	9 132
Electricity													-	-	-	-
Water													4 089	4 089	4 351	4 629
Waste water management													2 298	2 298	2 445	2 601
Waste management													1 679	1 679	1 787	1 901
<i>Other</i>													-	-	-	-
<b>Total Revenue - Standard</b>		5 693	113	113	113	113	113	113	113	113	113	113	43 983	50 806	54 057	57 517
<u>Expenditure - Standard</u>	-															
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	31 597	31 597	33 619	35 771
Executive and council													8 947	8 947	9 520	10 129
Budget and treasury office													16 930	16 930	18 014	19 167
Corporate services													5 720	5 720	6 086	6 475
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	1 530	1 530	1 596	1 698
Community and social services													1 530	1 530	1 596	1 698
Sport and recreation													-	-	-	-

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Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	6 315	6 315	6 719	7 149
Planning and development													1 661	1 661	1 767	1 880
Road transport													4 654	4 654	4 952	5 269
Environmental protection													-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	11 085	11 085	11 794	12 549
Electricity													-	-	-	-
Water													7 090	7 090	7 544	8 027
Waste water management													3 995	3 995	4 250	4 522
Waste management													-	-	-	-
<i>Other</i>													-	-	-	-
Total Expenditure - Standard		-	-	-	-	-	-	-	-	-	-	-	50 527	50 527	53 728	57 167
Surplus/(Deficit) before assoc.		5 693	113	113	113	113	113	113	113	113	113	113	(6 544)	279	329	350
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	5 693	113	113	113	113	113	113	113	113	113	113	(6 544)	279	329	350

Table 52 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

NC084 !Kheis - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Multi-year expenditure to be appropriated</u>	1															
Vote 1 - OFFICE OF THE MUNICIPAL MANAGER													-	-	-	-
Vote 2 - DIRECTORATE: CORPORATE SERVICES													-	-	-	-
Vote 3 - DIRECTORATE: FINANCIAL SERVICES													-	-	-	-
Vote 4 - DIRECTORATE: TECHNICAL SERVICES													-	-	-	-
Vote 5 - CLEANING SERVICES													-	-	-	-
Vote 6 - WASTE MANAGEMENT													-	-	-	-
Vote 7 - COUNCIL													-	-	-	-
Vote 8 - WATER MANAGEMENT													-	-	-	-
Vote 9 - DIRECTORATE: COMMUNITY SERVICES													-	-	-	-
Vote 10 - TRAFFIC SERVICES													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Single-year expenditure to be appropriated</u>																
Vote 1 - OFFICE OF THE MUNICIPAL MANAGER													-	-	-	-
Vote 2 - DIRECTORATE: CORPORATE SERVICES													-	-	-	-
Vote 3 - DIRECTORATE: FINANCIAL SERVICES													-	-	-	-
Vote 4 - DIRECTORATE: TECHNICAL SERVICES													-	-	-	-
Vote 5 - CLEANING SERVICES													-	-	-	-
Vote 6 - WASTE MANAGEMENT													4 234	4 234	4 446	4 668
Vote 7 - COUNCIL													-	-	-	-

Kheis Local Municipality													2015/16 Budget and MTREF			
Vote 8 - WATER MANAGEMENT													10 671	10 671	11 204	11 764
Vote 9 - DIRECTORATE: COMMUNITY SERVICES													2 000	2 000	2 100	2 205
Vote 10 - TRAFFIC SERVICES													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	16 905	16 905	17 750	18 638
Total Capital Expenditure	2	-	-	-	-	-	-	-	-	-	-	-	16 905	16 905	17 750	18 638

Table 53 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

[illegible]

IKheis Local Municipality													2015/16 Budget and MTREF			
Planning and development													-	-	-	-
Road transport													-	-	-	-
Environmental protection													-	-	-	-
<i>Trading services</i>		-	2 882	1 172	1 593	-	1 311	-	-	6 139	-	-	1 808	14 905	15 650	16 433
Electricity													-	-	-	-
Water			2 439	1 172	500		640			4 532			1 387	10 671	11 204	11 764
Waste water management													-	-	-	-
Waste management			443		1 093		671			1 607			420	4 234	4 446	4 668
<i>Other</i>													2 000	2 000	2 100	2 205
<b>Total Capital Expenditure - Standard</b>	<b>2</b>	-	2 882	1 172	1 593	-	1 311	-	-	6 139	-	-	3 808	16 905	17 750	18 638
<b>Funded by:</b>																
National Government													-	-	-	-
Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													16 905	16 905	17 750	18 638
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-	16 905	16 905	17 750	18 638
Public contributions & donations													-	-	-	-
Borrowing													-	-	-	-
Internally generated funds													-	-	-	-
<b>Total Capital Funding</b>		-	-	-	-	-	-	-	-	-	-	-	16 905	16 905	17 750	18 638

Table 54 MBRR SA30 - Budgeted monthly cash flow

NC084 !Kheis - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Cash Receipts By Source</b>													1		
Property rates	2 885	43	43	43	43	43	43	43	43			128	3 354	3 522	3 698
Property rates - penalties & collection charges												–	–	–	–
Service charges - electricity revenue												–	–	–	–
Service charges - water revenue	295	303	347	429	357	348	458	487	473			809	4 305	4 520	4 746
Service charges - sanitation revenue	166	164	164	390	165	163	164	164	164			13	1 717	1 803	1 893
Service charges - refuse revenue	231	231	228	228	228	228	228	228	228			375	2 435	2 557	2 685
Service charges - other												–	–	–	–
Rental of facilities and equipment	44	45	47	46	46	45	44	43	44			142	545	573	601
Interest earned - external investments	15			16			15					(3)	44	46	48
Interest earned - outstanding debtors												176	176	185	194
Dividends received												–	–	–	–
Fines	4											1	4	4	5
Licences and permits	3											0	3	3	3
Agency services	141	121	117	77	147	95	97	97	86			8	986	1 036	1 087
Transfer receipts - operational	8 909	26	934	290	6 982				4 866			1 112	23 119	24 275	25 489
Other revenue	65	317	223	221	117	146	351	72	94			278	1 883	1 977	2 076
<b>Cash Receipts by Source</b>	<b>12 757</b>	<b>1 250</b>	<b>2 102</b>	<b>1 739</b>	<b>8 085</b>	<b>1 068</b>	<b>1 401</b>	<b>1 135</b>	<b>5 998</b>	<b>–</b>	<b>–</b>	<b>3 039</b>	<b>38 572</b>	<b>40 501</b>	<b>42 526</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	4 162		1 473		4 162	1 473		1 473	4 162			0	16 905	17 750	18 638
Contributions recognised - capital & Contributed assets												–			
Proceeds on disposal of PPE												–			
Short term loans												–			
Borrowing long term/refinancing												–			

Kheis Local Municipality												2015/16 Budget and MTRF			
Increase (decrease) in consumer deposits												-			
Decrease (Increase) in non-current debtors												-			
Decrease (increase) other non-current receivables												-			
Decrease (increase) in non-current investments												-			
<b>Total Cash Receipts by Source</b>	<b>16 919</b>	<b>1 250</b>	<b>3 575</b>	<b>1 739</b>	<b>12 246</b>	<b>2 541</b>	<b>1 401</b>	<b>2 608</b>	<b>10 159</b>	<b>-</b>	<b>-</b>	<b>3 039</b>	<b>55 477</b>	<b>58 251</b>	<b>61 164</b>
<b>Cash Payments by Type</b>															
Employee related costs	979	1 028	1 155	1 474	1 487	1 174	1 170	1 156	1 547			8 264	19 434	20 405	21 426
Remuneration of councillors	81	111	164	189	119	166	128	119	125			1 103	2 305	2 421	2 542
Finance charges	181			181			181				73	(0)	616	647	679
Bulk purchases - Electricity												-		-	-
Bulk purchases - Water & Sewer	138	70	70	70	71	70	70	70	70			254	953	1 001	1 051
Other materials	25	9	21	26	6	6	42	14	43			3 104	3 297	3 462	3 635
Contracted services												-		-	-
Transfers and grants - other municipalities												-		-	-
Transfers and grants - other	79	88	79	83	86	88	86	93	103			1 236	2 019	2 120	2 226
Other expenditure	6 499	1 161	1 778	716	1 665	1 112	732	1 393	342			1 098	16 496	17 320	18 186
<b>Cash Payments by Type</b>	<b>7 981</b>	<b>2 468</b>	<b>3 267</b>	<b>2 739</b>	<b>3 433</b>	<b>2 616</b>	<b>2 409</b>	<b>2 845</b>	<b>2 230</b>	<b>-</b>	<b>73</b>	<b>15 060</b>	<b>45 120</b>	<b>47 376</b>	<b>49 745</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets												-			
Repayment of borrowing												-			
Other Cash Flows/Payments												-			
<b>Total Cash Payments by Type</b>	<b>7 981</b>	<b>2 468</b>	<b>3 267</b>	<b>2 739</b>	<b>3 433</b>	<b>2 616</b>	<b>2 409</b>	<b>2 845</b>	<b>2 230</b>	<b>-</b>	<b>73</b>	<b>15 060</b>	<b>45 120</b>	<b>47 376</b>	<b>49 745</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>8 937</b>	<b>(1 218)</b>	<b>308</b>	<b>(1 000)</b>	<b>8 813</b>	<b>(75)</b>	<b>(1 008)</b>	<b>(237)</b>	<b>7 930</b>	<b>-</b>	<b>(73)</b>	<b>(12 021)</b>	<b>10 357</b>	<b>10 875</b>	<b>11 419</b>
Cash/cash equivalents at the month/year begin:		8 937	7 720	8 028	7 028	15 842	15 767	14 758	14 522	22 452	22 452	22 379	-	10 357	21 233
Cash/cash equivalents at the month/year end:	8 937	7 720	8 028	7 028	15 842	15 767	14 758	14 522	22 452	22 452	22 379	10 357	10 357	21 233	32 652



Table 55 MBRR SA9 -Social, economic and demographic statistics and assumptions

NC084 !Kheis - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population					17	17	17	17	17	17	17	17
Females aged 5 - 14					6	6	6	6	6	6	6	6
Males aged 5 - 14												
Females aged 15 - 34					6	6	6	6	6	6	6	6
Males aged 15 - 34												
Unemployment					5	5	5	5	5	5	5	5
<b>Monthly household income (no. of households)</b>	1, 12	-										
No income					1 281	1 289	1 296	1 304	1 312	1 320	1 328	1 336
R1 - R4 800					549	552	556	559	562	566	569	572
R4 801 - R9 600					1 165	1 172	1 179	1 186	1 193	1 200	1 208	1 215
R9 601 - R19 600					3 693	3 715	3 737	3 760	3 782	3 805	3 828	3 851
R19 601 - R38 200					4 708	4 736	4 765	4 793	4 822	4 851	4 880	4 909
R38 201 - R76 400					2 695	2 711	2 727	2 744	2 760	2 777	2 793	2 810
R76 401- R153 800					1 181	1 188	1 195	1 202	1 210	1 217	1 224	1 232
R153 801 - R307 600												798
R307 601 - R614 400					765	770	774	779	784	788	793	399
R614 401- R1 228 800					383	385	388	390	392	395	397	121
R1 228 801 - R2 457 600					116	117	117	118	119	120	120	52
> R2 457 601					50	50	51	51	51	52	52	52
					50	50						
<b>Poverty profiles (no. of households)</b>	13											
< R2 060 per household per month	2											
Insert description												
<b>Household/demographics (000)</b>												
Number of people in municipal area					16 337	16 435	16 534	16 633	16 733	16 833	16 934	17 036
Number of poor people in municipal area					6 688	6 728	6 768	6 809	6 850	6 891	6 932	6 974
Number of households in municipal area					4 146	4 171	4 196	4 221	4 246	4 272	4 298	4 323
Number of poor households in municipal area					1 700	1 710	1 720	1 731	1 741	1 752	1 762	1 773
Definition of poor household (R per month)					2 800	2 817	2 834	2 851	2 868	2 885	2 902	2 920
<b>Housing statistics</b>	3											
Formal					1 393	1 401	1 410	1 418	1 427	1 435	1 444	1 453
Informal					2 753	2 770	2 786	2 803	2 820	2 837	2 854	2 871
Total number of households			-	-	4 146	4 171	4 196	4 221	4 246	4 272	4 298	4 323

## 2015/16 Budget and MTREF

Detail on the provision of municipal services for  
A10

[illegible]

## !Kheis Local Municipality

## 2015/16 Budget and MTREF

min.service level) No water supply									
<i>Below Minimum Service Level sub-total</i>									
	-	-	-	-	-	-	-	-	-
Total number of households	-	-	2 243	2 256	2 270	2 284	2 297	2 311	2 325
<u>Sanitation/ sewerage:</u>									
Flush toilet (connected to sewerage)			1 119	1 126	1 132	1 139	1 146	1 153	1 160
Flush toilet (with septic tank)			883	888	894	899	904	910	915
Chemical toilet			290	292	293	295	297	299	301
Pit toilet (ventilated)			502	505	508	511	514	517	520
Other toilet provisions (> min.service level)			328	330	332	334	336	338	340
<i>Minimum Service Level and Above sub-total</i>	-	-	3 122	3 141	3 160	3 179	3 198	3 217	3 236
Bucket toilet									
Other toilet provisions (< min.service level)									
No toilet provisions			1 024	1 030	1 036	1 043	1 049	1 055	1 061
<i>Below Minimum Service Level sub-total</i>	-	-	1 024	1 030	1 036	1 043	1 049	1 055	1 061
Total number of households	-	-	4 146	4 171	4 196	4 221	4 246	4 272	4 298
<u>Energy:</u>									
Electricity (at least min.service level)			2 653	2 669	2 685	2 701	2 717	2 734	2 750
Electricity - prepaid (min.service level)									
<i>Minimum Service Level and Above sub-total</i>	-	-	2 653	2 669	2 685	2 701	2 717	2 734	2 750
Electricity (< min.service level)									
Electricity - prepaid (< min.service level)									
Other energy			1 493						







## !Kheis Local Municipality

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10	(at least min.service level) Other water supply (at least min.service level)								
	<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-
9	Using public tap (< min.service level)								
	Other water supply (< min.service level)								
10	No water supply								
	<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-
	Total number of households	-	-	-	-	-	-	-	-
	<u>Sanitation/ sewerage:</u>								
	Flush toilet (connected to sewerage)								
	Flush toilet (with septic tank)								
	Chemical toilet								
	Pit toilet (ventilated)								
	Other toilet provisions (> min.service level)								
	<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-
	Bucket toilet								
	Other toilet provisions (< min.service level)								
	No toilet provisions								
	<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-
	Total number of households	-	-	-	-	-	-	-	-
	<u>Energy:</u>								
	Electricit								

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Name of municipal entity		y (at least min.service level) Electricity - prepaid (min.service level) <i>Minimum Service Level and Above sub-total</i> Electricity (< min.service level) Electricity - prepaid (< min.service level) Other energy sources <i>Below Minimum Service Level sub-total</i> Total number of households  <u>Refuse:</u> Removed at least once a week <i>Minimum Service Level and Above sub-total</i> Removed less frequently than once a week Using communal refuse dump Using own refuse dump Other rubbish disposal No rubbish disposal <i>Below Minimum Service Level sub-total</i> Total number of households										
			-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
Services provided by 'external mechanisms'	Ref.		2010/11	2011/12	2012/13	Current Year 2013/14			2015/16 Medium Term Revenue & Expenditure Framework			
Outcome			Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2015/16	Budget Year +2 2016/17		
Names of service providers		<u>Household service targets (000)</u>										



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Water:										
	8	Piped water inside dwelling								
		Piped water inside yard (but not in dwelling)								
		Using public tap (at least min.service level)								
	10	Other water supply (at least min.service level)								
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-
	9	Using public tap (< min.service level)								
		Other water supply (< min.service level)								
	10	No water supply								
		Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-
Names of service providers										
		Sanitation/ sewerage:								
		Flush toilet (connected to sewerage)								
		Flush toilet (with septic tank)								
		Chemical toilet								
		Pit toilet (ventilated)								
		Other toilet provisions (> min.service level)								
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-
		Bucket toilet								
		Other toilet provisions (< min.service level)								
		No toilet provisions								

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		<i>Below Minimum Service Level sub- total</i>	-	-	-	-	-	-	-	-
		Total number of household s	-	-	-	-	-	-	-	-
Names of service providers		<u>Energy:</u> Electricit y (at least min.service level) Electricit y - prepaid (min.servic e level)								
		<i>Minimu m Service Level and Above sub- total</i> Electricit y (< min.service level) Electricit y - prepaid (< min. service level) Other energy sources								
		<i>Below Minimum Service Level sub- total</i>	-	-	-	-	-	-	-	-
		Total number of household s	-	-	-	-	-	-	-	-
Names of service providers		<u>Refuse:</u> Remove d at least once a week								
		<i>Minimu m Service Level and Above sub- total</i> Remove d less frequently than once a week Using communal refuse dump Using own refuse dump Other rubbish disposal No rubbish disposal								
		<i>Below Minimum Service Level sub- total</i>	-	-	-	-	-	-	-	-
		Total number of household	-	-	-	-	-	-	-	-



### 2.13 Municipal manager's quality certificate

I, HT Scheepers, the Municipal Manager of !Kheis Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_  
Municipal Manager of !Kheis Local Municipality (NC084)

Signature \_\_\_\_\_

Date \_\_\_\_\_